

# NATION'S BUSINESS



**"Yachting" Goes Democratic—PAGE 11**

**August • 1940**



# 29 PINS OF PLATINUM

*...to keep a man at work*



Only one man in the shop knew how to handle that machine. The local doctor said his injured eye couldn't be saved . . . Training another man would take months — full of waste and delays. The man would be disabled for life. His employer's insurance rates would rise.

But the medical specialist of American Mutual (their insurance company) said there WAS hope for the eye. He performed a rare, delicate operation, pinning back the retina with 29 pins of irido platinum, an alloy far more rare and far more costly than platinum itself.

American Mutual spent far more on the operation than required by law—more than it collected in the employer's insurance premium. But the employer was spared from higher insurance rates and loss of a valuable man. The man was spared the loss of an eye. His value as a breadwinner was saved.

Besides rehabilitation of valued men and women, American Mutual offers employers two further profits. One is from accident prevention, through a safety program individually designed for each firm. (Hundreds of pol-

icyholders have lowered insurance costs 30% or more below competitors.) The other is from dividends of 20% or more of insurance costs, paid all policyholders yearly since 1887.

See what you, too, could save in American Mutual on practically all forms of business and personal insurance. Write today for "How 12 Companies Made \$1,247,299.96". Address Dept. I-4, 142 Berkeley Street, Boston, Mass.



**get 3 profits with  
American Mutual**

American Mutual Liability Insurance Company Home Office: Boston, Mass. Branches in 59 of the Country's Principal Cities





**D**URING the first six months of 1940, the volume of freight for export handled through Atlantic and Gulf ports of the United States reached a level unequaled since the war years of 1917-18.

And yet this volume was handled so smoothly by the American railroads that no comment about it appeared in the news.

Why?

Because preparedness, with the railroads, is not a newly discovered need. It is something the railroads have studied and worked for ever since the end of the first World War.

And the plain fact is—in speed and operating efficiency the American railroads today are at the highest peak in their history.

Freight train speed averages 62% higher than in 1920.

That's because heavier rails have been laid—sidetrack mileage has

been increased—terminal facilities have been enlarged—terminal operations have been speeded up—arrangements for having cars on hand wherever and whenever they are needed have been vastly improved. During the first six months of 1940 the railroads placed in service more new freight cars than in any like period in the last 10 years.

Today freight trains actually perform more than twice as much transportation service per hour as trains did 20 years ago.

An indication of the ability of the railroads of the United States to take care of any traffic that may develop is shown by the fact that between August and October, 1939, they handled without car shortage or delay the largest increase in business ever recorded in so short a time.

The big fact is—in capacity and

in operating skill and methods—the railroads are ready to do their share in speeding national defense—and a mighty big share it is bound to be.

And that's why we say—give the railroads an equal chance to keep themselves fit to do the job that they alone can do.



*"See America"*

**FOR \$90**

Start from your home town now on a Grand Circle Tour of the United States—east coast, west coast, border to border—go by one route, return by another—liberal stopovers—for \$90 railroad fare in coaches—\$135 in Pullmans (plus \$45 for one or two passengers in a lower berth).

**NOW—TRAVEL ON CREDIT**

See your local ticket agent

ASSOCIATION OF

**AMERICAN RAILROADS**

WASHINGTON, D. C.



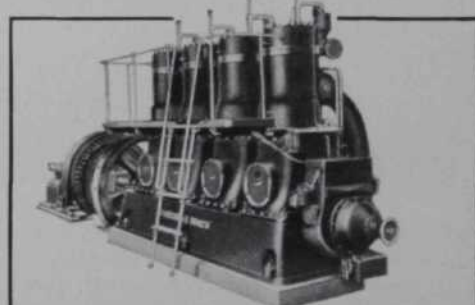


**T**HE idea is not fantastic. Over in the corner is enough space for a Fairbanks-Morse Diesel with which to generate your own power. Installation is not expensive. No major construction is required. No engine room crew is necessary. Diesel fuel is cheap.

Hundreds of plant owners have discovered the "treasure" of lower power cost by generating their own in exactly this way. Neat "treasure," too—from 20% to 50% savings—and more!

Probably you could reduce power costs some with *any* Diesel. But while you are at it, shove them *all the way to the bottom!* Fairbanks-Morse builds *industrial Diesels* for that. S-l-o-w engine speed and two-cycle design for longer life, lower maintenance, less frequent servicing, lower operating cost. *The records prove it!*

Investigate F-M Diesel power. Write Fairbanks, Morse & Co., Department 120, 600 S. Michigan Ave., Chicago, Ill. Branches and service stations throughout the United States and Canada.



**MODEL 32 FAIRBANKS-MORSE DIESEL**, a familiar sight in factories, mills, mines, and all kinds of industrial plants where low-cost, dependable power is a must. This Diesel is available in various sizes to meet a wide variety of power requirements.

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FAIRBANKS SCALES  
RAILROAD EQUIPMENT

WATER SYSTEMS  
WASHERS-IRONERS  
FARM EQUIPMENT  
STONERS  
AIR CONDITIONERS



# Diesels



# In the National Defense

# WE

# VOLUNTEER

●

... to design special measures for the protection of government property against fire.

... to cooperate with private industry in making plants engaged on government contracts safer from fire.

... to lend the services of our arson investigators to the public authorities in the detection of firebugs and saboteurs.

... to urge the elimination of fire hazards, wherever they may be, so that vital defense work will not be interrupted by fire.

... to apply every facility at our command to the promotion of the national defense, and to join our forces with other organizations devoted to the same end.

#### THE NATIONAL BOARD OF FIRE UNDERWRITERS

*Nation-wide organization of 200 capital stock\* fire insurance companies*

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Established in 1866



**\*CAPITAL STOCK COMPANY FIRE INSURANCE** provides sound protection at a predetermined price, without risk of further cost. In addition to legal reserves, its policies are backed by cash capital and surplus funds set aside to meet not merely normal claims but also the sweeping losses due to conflagrations and other catastrophes. Its organized *public* services are national in scope. Its system of operating through Agents everywhere gives prompt personal service to policyholders.

# America's First Line of Security

*A*MERICA'S SECURITY in a troubled world rests solidly on three great supports—American *farms*, American *factories*, and American *transportation*.

Because of America's *farms* we alone among the great nations of the world can feed all our people regularly, adequately, and unfailingly from the produce of our own land. In this nation we need fear no famine, no blockade.

Because of our unequaled *factories* we can, after preparation, produce almost anything we require, in almost any quantities. Of products that advance the human welfare, we are the greatest makers the world has ever seen.

Because of our unmatched *transportation* system—rail, water, air, and highway—we can move people and goods wherever they are needed more speedily and more efficiently than any other nation. In particular our highways and our motor trucking system have no equals elsewhere.

*All these sources of national strength owe much to farm machinery.*

Machines make possible our vast farm production. They increase the farmer's speed and efficiency. They bring higher crop yields. They combat the effects of drouth, pests, and bad weather.

But farm machines have done much more than this. A century ago it required nine people living on farms to support themselves and one person in town. Today one man on the land supports himself and more than three people in town. America's industrial and transportation greatness has been made possible only by this release of men from toil on the land, brought about by farm machinery.

So America's First Line of Security is on the farm, manned by the sun-bronzed army of American farmers—the foundation of our strength as a nation in time of peace or in a world at war.

This is the mechanized army of the peaceful fields, relying on machines. For more than 100 years the farm equipment industry and the men and women in it have supplied this army with constantly better machines. It is our pride that today the American farmers are, beyond all comparison, the most efficient and the best equipped in the world to meet the vital demand for food production.

There is no weakness in America's First Line of Security, nor will there be.

*S. S. MacCister*  
President

INTERNATIONAL HARVESTER COMPANY  
Chicago, Illinois

TRACTORS • FARM EQUIPMENT • TRUCKS • INDUSTRIAL POWER



## Shake Hands with Our Contributors

**C**HIEF DANGER to property in all the world has never been from thieves or covetous neighbors, but from the acquisitive and confiscatory activities of rulers, writes **Roscoe Pound**, former dean of the Harvard Law School. Together with such loss of property has nearly always come loss of liberty and the rulers' declarations that their confiscatory activities were for the public good.

Professor Pound fears that rise of totalitarian governments under the unchecked rule of leaders who govern by discretion instead of law will destroy all freedom and make personal liberty or property rights a mere sham.

**Donald Despain** was director of a survey for a U. S. Senate subcommittee's investigation of profit sharing. On completion of the hearings, a group of employers who had successfully operated profit-sharing plans in their own establishments, organized the American Profit Sharing Institute and chose Mr. Despain as managing director. His article suggests how profit sharing may be used as a means to assure labor cooperation under war-time pressure.

**William Hausberg** tells how John Ringling North and Henry Ringling North, nephews of the famous John Ringling, both then under 34, raised \$1,000,000 to save "the greatest show on earth" for their family, combatted strikes, took the circus off the road temporarily and modernized the whole outfit to put it back in the black.

**George Reiss** is industrial news editor of *The Vindicator*, Youngstown, Ohio, where he has been in frequent contact with Russell Hetz, the subject of his article. For the past 17 years, Mr. Hetz has specialized in demolition and salvage work.

His operation includes plants of Carnegie-Illinois Steel, Republic Steel, American Locomotive, American Rolling Mill, Hayes Body and Certain-teed.

**Lui F. Hellmann** is a member of the firm of Klieber & Hellmann, machine tool and special machinery builders of Indianapolis. He started work as a machinist apprentice when 14 years old; was a draftsman and mechanical engineer for Fairbanks Morse Electrical Mfg. Co., before becoming a tool designer for Liberty motors at the start of the war in 1917. After the war he was one of four men chosen to plan the conversion of the plant from war work to automobile production. Later he became works manager of the Duesenberg Automobile and Motors Company and served with several other companies in a similar capacity until he organized his own business.

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I'll say "33 to 1"  
wins at the 19th hole!



## BLENDED 33 TIMES TO MAKE ONE GREAT BEER!

A BRAND NEW BONNET  
WITH A  
BLUE RIBBON  
ON IT



The goodness never varies—because every single glass of BLUE RIBBON is a blend of 33 separate brews!

Treat yourself to a glass of Pabst Blue Ribbon today. First you'll enjoy the *look* of it—the clarity, the sparkle, the creamy head.

Then you'll discover what beer flavor and beer smoothness can *really* be!

For in that glass—and in every glass of Blue Ribbon is a blend of not two, or five,

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And each brew is as fine as 96 years of skill, the 28 Pabst scientists, and Pabst ingredients can make it.

An expensive way to brew? Of course! But that's what makes Blue Ribbon *America's Premium Beer*, with a smoothness that is unique . . . and a goodness that never varies.

Sometime today, have the pleasure of meeting a glass of Blue Ribbon.

*It's the BLEND that Better the Beer*

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Now's the time!  
Virginia's the place!



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You arrive sooner, can stay longer if you come to Virginia by train. Fares are low, schedules convenient. On the Norfolk and Western Railway, up-to-the minute Luxury Coaches, sleeping cars, dining cars, lounge and observation cars are completely air-conditioned . . . for cool refreshing travel comfort.

## SUNSHINE and SEASHORE

Down Virginia way on the shores of the blue Atlantic, you can soak up a smooth suntan, take dips in the sparkling surf, go fishing and boating . . . your choice is limitless. You'll fill every minute with fun and excitement!

## MOUNTAIN RESORTS

Or, if you prefer the mountains, try one of the many popular resorts that nestle high in the Blue Ridge and Alleghanies. Hike or ride horseback along wooded trails. Swim in cool mountain pools. Play golf, tennis, or just relax and rest! You'll enjoy everything you do in Virginia.

## HISTORIC SCENES

In the Old Dominion are many hallowed historic shrines, easily reached on the Norfolk and Western Railway. Come to Virginia by train . . . this summer. You'll find "The Land of Romance" at its best!



**NORFOLK  
AND  
WESTERN  
RAILWAY**

## Through the

## EDITOR'S SPECS

### When men are boys

NORWALK, CONN., citizens tell a story about two brothers in that town who inherited the family home jointly. They couldn't get along living together nor could they agree on any other division of the estate except to cut the house in two, move one-half over onto the opposite side of the lot and build a fence between them.

The story is confirmed by a recent report of two partners in the restaurant business in Red Wing, Minn. These men were at loggerheads as to how the business was to be run. Neither could or would buy out the other's interest on satisfactory terms. They compromised by each managing the business for 24 hours, then alternating with the other. When they changed shifts the retiring partner gathered up and removed all his food, supplies and other belongings.

This sounds pretty silly but neither the two brothers nor the two restaurateurs are any more foolish than those business men in every town and city who strain their ingenuity to make things tough for some competitor. The competitor generally hits back and two men who ought to be partners in an industry or trade become business enemies, each strewing thorns in the paths of both.

### They feed on greenbacks

EVERY year has its new bug that threatens to devastate the land unless the Department of Agriculture receives a few hundred thousand dollars extra to mobilize against the invasion. Each appropriation is only the beginning of an endless series to eradicate the same insect. The war goes on with never an armistice.

Newest bug in the sky is the white fringed beetle which the "bugologists" of the Department say can be whipped for \$600,000. If you give the Department this money, Rep. Dirksen of Illinois warned the House, look out that farmers don't come in and demand reimbursement for damage done to their crops by the beetle eradicators.

Up rose Rep. Cannon of Missouri to

say that a bill to pay for such damage already had been drawn and would be introduced by another member "in a few days."

Touching pest scares, including the European corn borer, Rep. Cannon continued:

They assured us that unless the corn borer was exterminated we would have to discontinue the production of corn. We appropriated altogether \$17,000,000 to fight the corn borer. Eventually they discovered it did practically no damage and today we pay no attention to it.

Then came the Mediterranean fruitfly. We were told it would destroy every citrus grove in the United States. So we appropriated altogether \$10,000,000 to destroy the Mediterranean fruitfly. Finally, Chairman Buchanan of the Committee on Appropriations went down to Florida to see how they were spending all this money. When he came back he told the Committee he did not believe there ever had been a single Mediterranean fruitfly in Florida.

Now, here is the come-back. There has been introduced, as the gentleman from Illinois (Mr. Dirksen) told you, a bill to appropriate \$7,500,000 to pay for the damage done to the citrus people when the United States agents were down there trying to find the Mediterranean fruitfly.

Those experts in the W.P.A. who invent "made work" projects to occupy the unemployed should consider the great possibilities in bug eradication engineering.

### Education from above

CURIOUS, we tried to ascertain something about the extent of radio "education" by the Government. The subject, we found, is a jungle as impenetrable as the statistical morasses of federal finance. We did, however, obtain some very suggestive data on national broadcasting done over the networks by the executive departments and independent agencies of the Government. For April, 1940, in no way an unusual month, the tabulation is as follows for N.B.C. Blue and Red networks, Columbia and Mutual broadcasting systems:

Total number of programs.....	108
Total network time..	35 hrs. 32 min.
Total estimated gross valuation of network periods	\$335,303
In one year this amounts to	1,296



... this is why cast iron pipe saves taxes

*The useful life  
of Cast Iron Pipe  
is more than  
a Century*



**T**HE professor can give you reasons in terms of capacity, soil corrosion, and strengths to meet stresses—but, if you are a *taxpayer*, all you need to remember is that cast iron water mains have a useful life of more than a century. That's why cast iron pipe saves taxes.

\* \* \*

Cast iron pipe has a *proved* useful life at least double the *estimated* life of other pipe used for water, gas and sewer mains. It is the only ferrous metal pipe practicable for such mains that rust will not destroy. Sizes from 1¼ to 84 inches.

Unretouched photograph of 109 year-old cast iron water main in St. Louis, Mo.

**PUBLIC TAX SAVER  
NUMBER ONE**

# CAST IRON PIPE

THE CAST IRON PIPE RESEARCH ASS'N, T. F. WOLFE, RESEARCH ENGINEER, PEOPLES GAS BLDG., CHICAGO

programs, 426 hours and 24 minutes, time value \$4,023,636. Valuation figures are estimates based on average rates for all the stations in the networks. It is true that not all the stations in a chain may use any one program.

On the other hand, this estimate covers only a part, and perhaps the lesser part, of free time obtained by the Government to sell itself to the people through this advertising medium. It takes no account of all those transcriptions that are sent to radio stations with a letter gently suggesting that the originating bureau (a part of the same Government that licenses the station) be advised when the disk has been used. Nor of Government programs that originate locally through field offices of the Government and are offered to regional chains and individual stations. Nor of speeches by the President and members of Congress.

Senator Pittman obtains time to answer Col. Lindbergh, for instance, or some other Senator to praise the W.P.A.

Finally, we have not touched the actual outlay of public funds for preparation of scripts and dramatic productions.

Not to mention the salaries of radio "information specialists"—publicity men to you—in the Office of Education, the Office of Government Reports and all the agencies that prepare and stage their own productions.

The broadcasting industry and we taxpayers pay rather dearly for the privilege we have of turning a dial and thrilling to some variation of that oft-told tale—what our Government at Washington is doing to make us happy.

## The new democracy

A READER who says he has been spending considerable time beside his radio while convalescing from an illness sends us a few notes that he picked up from the Government's National Farm and Home Hour broadcasts.

We pass on several of them as a sample of the new function of Government to educate its citizens via a great national radio network of 92 stations.

Apples and pork taste very good together.

Canned tomatoes must have a certain degree of red color.

A shirt should fit well around the neck.

There are ways to get "crunch" in a peanut butter sandwich; mix chopped celery with it, or raw carrot or onion or dill pickle.

## "All This and Heaven, Too"

SOME DAY a diligent corps of workers may be put to cataloging all the services and activities of the federal



Government in one volume, a job only to be compared with the annual compilation of Sears, Roebuck's catalog. In the meantime an excellent new handbook is available: "The Government at Your Service," by Archie Robertson (Houghton Mifflin Co.).

Here are a few of the 1001 things the Government does for the people in return for the six billions or so it collects annually in various forms of taxes:

The Children's Bureau will send a series of 12 folders on motherhood to any persons planning to adopt a child. Or it will supply a nice sex booklet, "The Wonderful Story of Life—A Mother Talks With Her Daughter."

Mothers who want someone to mind their children may phone the nearest office of the W.P.A.

If you plan to build a home the Home Loan Bank Board will send you a cut-free architect, whether or not you finance the deal through F. H. A.

Those who feel disgruntled with some business concern may lodge a complaint with the Federal Trade Commission. It will be investigated and no name divulged.

In Idaho the Government employs beavers to build dams.

A Civilian Conservation Corps forester may ring a housewife's doorbell and say: "Madam, we are going over your land to get out the wild currant. It is to save the white pine."

At Bonneville Dam a Government man is on duty to count the fish as they go by.

Lake Mattamuskeet, in North Carolina, was drained several years ago in a well-meant but unsuccessful cooperative farming venture.

Uncle Sam will be glad to send you a "Handbook of Sound Effects" which tells how to bark like a dog.

The Library of Congress compiles bibliographies for interested citizens on such subjects as the art of knife throwing.

W.P.A. artists copy and index for ready reference, Shaker furniture, cigar-store Indians and other art items.

## Men wanted!

IF you are called upon to advise your son or some other young fellow about vocational opportunities you might suggest ship fitting. The Navy is unable to find skilled ship fitters for naval construction jobs.

Structural iron workers are scarce, too. And there are many more jobs in bridge building and heavy sheet metal work than there are men available to take them. The same goes for skilled explosives operators, shipwrights, coppersmiths, machinists and lens makers.

There is still no shortage of unskilled laborers and clerical workers are almost as plentiful as writers. Best job insurance for a young man today is to learn well one of the manual trades.

## Ethics and socialist dogma

IN between war and politics battling raucously for precedence, we drank a cup of black coffee and settled beside a stilled radio for an evening with

DOING ONE THING WELL

• Long before this era of specialization, Hartford Steam Boiler saw that the *engineering* involved in insuring industry against loss from plant-wrecking, life-endangering accidents to power equipment was so very exacting as to merit the whole attention of any company that undertook it. For 74 years Hartford has been doing this—to the exclusion of all other interests.

To reduce hazard (and thus reduce cost to policyholders), the Company early developed its system of inspections . . . of learning the symptoms which tell of faults in the structures by which power is harnessed, and of then searching out these faults before they can cause disaster.

With more than 400 specially trained field men, directed by a

home-office engineering staff employed exclusively in the study of power-plant accident causes and prevention, Hartford insurance-protection probably has no parallel for efficiency and convenient, nearby facilities.

Because of sound financial strength and long experience in doing one thing well—

*Hartford Steam Boiler is chosen to protect a preponderant part of America's insured power equipment; and to shop-inspect more than 90% of the nation's industrial-power boilers during their construction.*

Your agent or broker will tell you that nowhere can you find finer service in connection with the insurance of boilers, engines, turbines, pressure vessels or electrical power equipment.

THE HARTFORD STEAM BOILER INSPECTION  
AND INSURANCE COMPANY

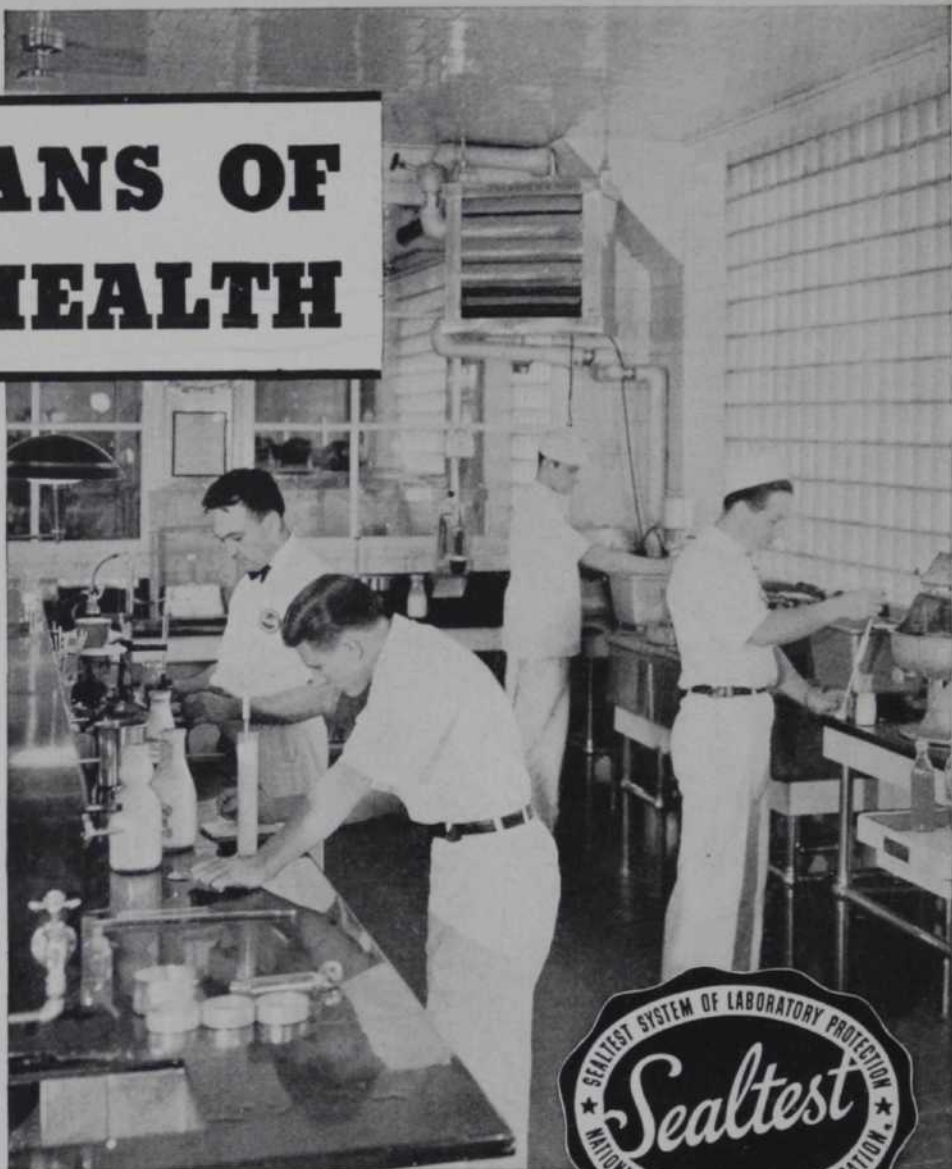
HARTFORD,  
CONNECTICUT





# GUARDIANS OF PUBLIC HEALTH

are these



## Sealtest "MEN IN WHITE"

*Their Laboratory Supervision of Milk and Ice Cream  
gives you added Assurance of Quality and Purity*

More than one hundred Sealtest Laboratories are spread over America . . . staffed by dairy scientists, chemists and skilled laboratory workers.

In ice cream and dairy plants of member-companies they maintain a constant vigil over quality and purity . . . testing, checking, supervising the processing of milk, ice cream and other dairy products. Supplementing the work of local health authorities, they bring to each plant the pooled knowledge and experience of the entire Sealtest

Laboratory System. In turn, their work is checked by Sealtest Zone Laboratories—and Zone Laboratories are watched over by the Sealtest Master Laboratory.

So—when you buy Sealtest Supervised Milk and Ice Cream—a great network of Laboratory Supervision brings you added assurance of quality and purity. Millions of housewives have learned to look for the red-and-white Sealtest Symbol when they buy dairy products.

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SEALTEST, INC., AND ITS MEMBER-COMPANIES ARE SUBSIDIARIES OF NATIONAL DAIRY PRODUCTS CORPORATION



Max Hirsch's "Democracy vs. Socialism."

The book was written by an Australian single taxer in 1900 and reprinted recently by the Robert Schalkenbach Foundation.

It shows the socialists have learned precious little in these tremendous 40 years.

Factions are as abusive of one another as ever but all of them still stand on the monstrous fallacy that the individual has no natural rights in this world.

Now, as then, they hold that he exists for the State, that society is not bound to reward a man either in proportion to his services or his wants, but only as expediency dictates. To this says Hirsch:

To the laborer belongs the fruits of his toil, is generally regarded as the only ethical standard of economic justice. Socialism utterly denies the truth of this proposition, and teaches that the fruits of individual labor belong, not to the laborer, but to the society of which he forms part, to be used by it in such manner as may, in its opinion, promise the best social result.

The nub of the whole issue of Collectivism—embracing Socialism, Communism, Fascism, Naziism and every stripe of levelling creed—is moral. The elementary and indispensable ethic of a civilized society is respect for a man's right to enjoy that which he has labored to acquire. Neither an individual nor the whole society may take it from him by force or subterfuge.

### "Yachting" goes democratic

CURRENT grim accent on nation's naval might is pleasantly tempered in contemplating activities of privately-owned pleasure craft. Total of country's recreational flotilla is figured at about 700,000 motor boats and sail boats, excluding row boats, kayaks, dinghies and canoes. Of this total, 350,000 vessels are powered with outboard engines. Value exceeds \$600,000,000.

Annual business of boat and motor concerns totals \$100,000,000, which accounts for new boats, engine replacements, supplies, and maintenance averaging roughly 15 per cent of sale price.

Impact of depression virtually shut down building of ritzy yachts and tailor-made craft. Major demand is for stock designs in cruisers, inboard runabouts, outboards and small one-design sail boats. Experimentation has been much in evidence since 1932 when large, showy mahogany jobs had the call. Few inboard models were offered for less than \$1,000. Hard times spurred development of utility types.

Family cruisers were scaled down, price of open runabouts propelled by

air-cooled inboards was pushed down to low of \$500.

In past two years popularity of outboard motor has advanced sharply, with 1939 production reported at 200,000 units.

Interest in boating, as surveyed by National Association of Engine and Boat Manufacturers, is greatest in New York, Michigan, New Jersey, Massachusetts, Illinois, California, Ohio, and Connecticut. Group which ranked second included: Pennsylvania, Oregon, Washington, Florida, Texas, Maine, Missouri, Rhode Island and Virginia. Big obstacle to sales of new boats in metropolitan centers, Association asserts, is lack of adequate basins. To see that better facilities are provided by cities, Association is campaigning on a broad front for official recognition of boating's economic as well as recreational importance.

With "yachtsman" now generously defined as "anyone who owns a boat used for pleasure," the lively scene photographed by Ellsworth Ford (Nesmith) and featured on this month's cover serves to suggest the recreational and industrial stature attained by boating through popular vote.

### ... But no miracles

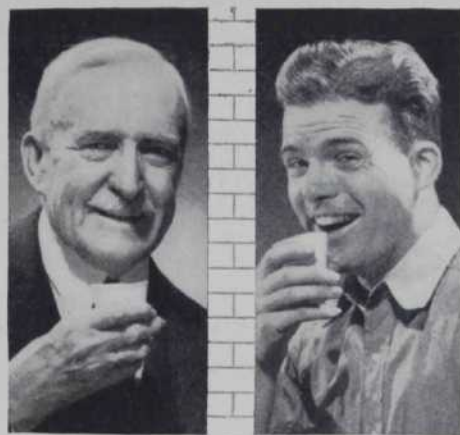
WITH every news reel showing pictures of men going to work on armament projects, and confidence being expressed on every hand as to the ability of American productive equipment to turn out war materials, thoughtful business men are beginning to feel alarm that the public is overoptimistic.

They agree that factories which have been efficient in producing the world's highest standard of living can also produce excellent war materials. But, they point out, an extensive retooling job must be done before the change can be made.

They fear that the public, misunderstanding the delay, may regard it as stubbornness or inability on the part of business; that, having been led to expect impossible speed, the people may demand new laws and controls to bring it about. The returning confidence in business may be a boomerang.

These men point out that, in 1917, in spite of the fact that we had been making war materials for the Allies, we were nine months getting started in making them for ourselves on a large scale. Although methods are better today, we lack the advantage of having actually been producing munitions.

Whether we will need nine months to get into adequate production cannot be determined now but the public is likely to be unduly critical of any delay whatever its duration.



## HERE'S HOW TO WIN FRIENDS

Put AJAX or AERO sanitary paper drinking cups on each side . . .

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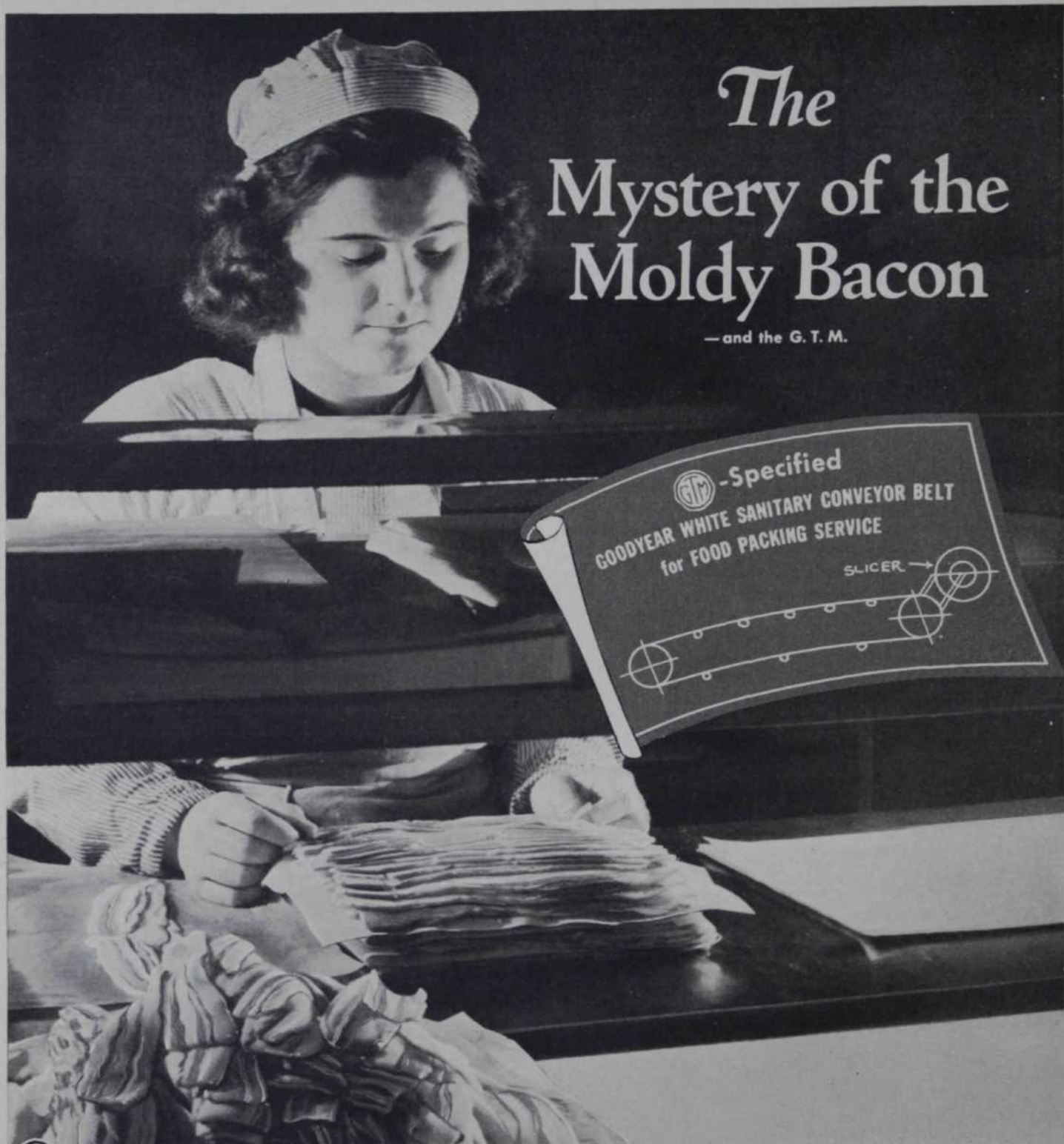


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# The Mystery of the Moldy Bacon

— and the G. T. M.



Complaints about its sliced bacon smelling moldy were hurting a large packing company's sales. Careful check found the same musty odor coming from the conveyor belt carrying the freshly sliced bacon to the packers—an odor that defied removal. It took the G. T. M.—Goodyear Technical Man—to solve the mystery. Grease had soaked into the carcass of the belt causing it to mildew and taint the meat. The G. T. M. recommended a Goodyear White Sanitary Conveyor Belt, specially built for

food handling service with a secret mildew-inhibiting agent developed in the great Goodyear research laboratories. Since installing the Goodyear belt three years ago trouble has vanished, sales hit a new peak! Perhaps you have a baffling problem that could be solved by the correct application of rubber. To consult the G.T.M., write Goodyear, Akron, Ohio, or Los Angeles, California—or phone

the nearest Goodyear Mechanical Rubber Goods Distributor.

THE GREATEST NAME IN RUBBER

# GOODYEAR





## They're Whistling Business Out of the Doghouse

**F**OR ten years our business system and business men have been under attack. Bankers were "money changers"; commercial aviation was charged as unfit to carry the mails; makers of electricity, a "power trust bleeding the people white"; manufacturers, chisellers and exploiters of labor; coal and oil, antisocial; steel and chemicals, fomenters of war; retailers, gougers; telephones and insurance, too big for public safety.

Every hour brought its "emergency." Perpetual emotion through muck-raking has been the rule.

The era has been one of iconoclasm. Age-old traditions, honored customs, cherished idols, have been smashed with the ruthlessness and hilarity of a frenzied Roman holiday.

Came then, first, the morning after, the feeling of futility coupled with shame. The promises of politics were unfulfilled. The crusade against "selfishness" and "power" simply transferred those vices to the crusaders. Politics was unable to provide jobs except to politicians and their relatives. The abundant life was nowhere in evidence except in the District of Columbia, city halls, and the far-flung federal agencies. Shame-faced, people were about ready to admit that business processes had been unduly and spitefully penalized.

Came then fear of a foreign invader. The clear mandate of the people was to provide defense, and business leaders were whistled from the doghouse and put in charge.

What irony! If fear of physical violence, of parachutes over Omaha, brought confession that only business management can provide production and jobs, why then, why the other course in fighting the war against depression? If to regain the business activity for which we all prayed, theorists and social engineers were called to the colors, why, in the hours of physical fear, replace these "depression war" leaders

of 1933-40 with the discredited captains of industry?

The spirit of iconoclasm marches on. It now directs a war-ax at political traditions. Old formulas are swept aside, and at a national convention the people's demand for a doer and practical planner prevailed. Business baiters have turned to baiting politicians. The people chose a man who, almost alone for seven years, has, in and out of season, fought politics invading the business field. With some sixth sense they realize that the Blums and Ramsay MacDonalds, who promised security and the abundant life by less work and more doles, only brought a terrible insecurity and prospect of miserable slavery. They realize that every country which has fallen in Europe had enjoyed a "liberal" government.

Business management is in better repute today than it has been in a decade. This spirit is reflected in the popular parody:

*Heigh Ho, Heigh Ho,  
It's off to work we go.*

A policy of plenty will supplant the theory of easy Marxian scarcity. This spirit will recognize that textbooks on arithmetic contain methods of addition and multiplication as well as subtraction and division. It will abandon revolutionary reform "to make America over" and adopt recovery with its proved evolutionary social progress. It will raise again the American banner with its insignia "Work." It will remove the obstacles which are preventing workman and manager from joining hands, and in the good old-fashioned way, lick the production record of yesterday.

It is late, but not too late, to give business a chance to do its old time stuff for the American people.

*Merce Thompson*



## \*MEANS QUICKER ACCESS TO MATERIALS AND MARKETS

### What F. O. B. Illinois means to Industry

Unexcelled transportation facilities serve all communities. Illinois has the greatest railroad mileage of any industrial state, and the finest system of paved roads of any state.

Illinois has abundant supplies of low cost coal and oil, and a network of electric power transmission lines interconnecting all important industrial centers, assuring adequate and uninterrupted supply of electric power.

Illinois is the center of tool and equipment manufacturing.

Illinois produces and is the central receiving point for raw materials of all kinds.

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Investigate the advantages of locating your branch plant or new plant in Illinois, in the *center* of the *huge middle west market*, close to abundant supplies of raw materials. Check the benefits you will gain from unexcelled transportation facilities, ample labor supply, low cost power and fuel, and a strategic central location.

### Special Confidential Report to Executives

Write the Illinois Development Council at Springfield, Illinois, today for a practical presentation of facts about Illinois pertaining to your line of business—a report that will enable you to evaluate the manufacturing and sales opportunities in Illinois. You will receive data on raw materials, labor, taxes, power, fuel, transportation, and product distribution facilities of Illinois as they apply to your business.

Please explain the nature of your business and, if possible, indicate your important objectives, so that a truly practical report can be submitted for your study and consideration. Your inquiry will be kept strictly confidential, and no obligations will be incurred on your part. Address—

ILLINOIS DEVELOPMENT COUNCIL • SPRINGFIELD, ILLINOIS







A NEW philosophy of government today asks men to return to their rulers rights it took centuries to win

# The Twilight of Liberty

By ROSCOE POUND

**R**IGHTS, liberty, property, law, four ideas which grew up in contests with arbitrary personal rulers, are losing ground and, we are told by many, will disappear in the society of the future.

It is significant that they are losing with the rise of new absolutisms: The omniscient state, an institution in which only groups, associations and relations are regarded and the individual is no longer the unit; the totalitarian state under the unchecked rule of a superman leader to whose wisdom all individual interests must give way; the bureaucratic democracy ruled by absolute bureaus and boards and administrative agencies, by discretion instead of by law,

freed from hampering constitutional checks, and free to impose their views of expediency in what they take to be the public interest or the general welfare.

With the rise of these absolutisms all over the world and the resulting cult of power, liberty is coming to be derided in political and juristic thought, property has ceased to be valued in schemes of what is to be secured through the legal order, rights are relegated to the limbo of discarded superstitions, and it is beginning to be taught that law is a disappearing phenomenon.

From the time when men began to think about rights and formulate

declarations of liberties or assertions of rights, they have put property and exercise of liberties in acquiring and controlling property along with liberty in the fore front. In the Charter of Henry II (1145) the order is customary rights, gifts (which then meant estates conveyed), and liberties. In Magna Carta, next after freedom of the church come the sections guaranteeing property and its enjoyment. The third and fourth sections of the Petition of Right recite the guarantees of freehold, liberties and free customs in Magna Carta and against being put out of lands and tenements in a statute of Edward III.

The Virginia Bill of Rights (1776),



the prototype of American bills of rights, puts a guarantee against deprivation of property without due process of law before the guarantee of freedom of speech, of the press and of religious liberty. The Massachusetts Bill of Rights (1780) puts an assertion of natural rights of liberty and property in the first article and, next after the declaration of political liberties, declares that each individual has a right to be protected in the enjoyment of his life, liberty, and property according to standing laws. New Hampshire in 1784 called for an impartial interpretation of the laws and administration of justice in order to preserve "the rights of every individual, his life, liberty, property, and character." Connecticut in a Declaration of Rights in 1776 put a man's "goods" and "estate" along with his person, his character and his family.

The Fifth Amendment to the federal Constitution guaranteed life, liberty and property against unreasonable and arbitrary action by the Government and hence that guarantee passed into all the state constitutions in the nineteenth century and was later imposed in the states by the Fourteenth Amendment.

Nor was this a mere fashion. Men, and particularly Englishmen, had seen what arbitrary and unreasonable unchecked governmental power, act-

ing upon liberty and property and the use of property, could mean to the individual. At least from the time when a king coveted Naboth's vineyard, the chief danger to property has not been from the covetous neighbor or the habitual thief but from the acquisitive and confiscatory activities of rulers.

### Interference with liberty

THE will to power, the temptation to exercise power simply because one has it, has led rulers to arbitrary interferences with liberty of the person. Covetousness has led them to arbitrary seizures of property. Both have joined to bring about arbitrary interferences with liberty of using property. Some rulers have claimed to do these things by divine right, but, for the most part, they have identified their confiscatory activities with the public good.

In Magna Carta, John promised not to take wood for his castles or privately owned carts to haul provisions for his army without paying for them, and all the charters of liberties and bills of rights ever since have provided against taking private property for public use without due compensation. Thus for a long time liberty and property seem one conception. They were dissociated in the nineteenth century,

although even then it was contended that one cannot be free except as he is free to exercise his freedom freely upon something external to him.

It is significant that the current of thought which is giving up the idea of property is also giving up the idea of liberty. As the two grew up together they are a common subject of attack by those who conceive the one must go with the fall of the other.

In the Middle Ages jurists thought about liberties. In the seventeenth century they began to think about rights. They took rights to be qualities of persons which made it just that they have certain things or do certain things, thus joining liberty and property in one conception. Hence the first modern philosophy of rights, though it included property, was at bottom a philosophy of interests of personality, finding a basis for property in the qualities of a person.

Later, liberty and property were conceived of as resting upon contract, and so ultimately on the inherent moral binding force of a promise. We are all bound by an original contract to live together in a politically organized civil society in which liberty and property are guaranteed. The nineteenth century, characteristically historical in its outlook, built contract upon property and property upon

(Continued on page 42)

A powerful neighbor steps in to compel a smaller state to fulfill its economic "function"







Shall private enterprise or Government dominate the economic structure?

GEORGE LOHR

# Profit Sharing and Preparedness

By DONALD DESPAIN

**T**HERE is a great struggle in the world today between two competing systems: the system of capitalism or private profit through individual initiative on the one hand, and the system of state ownership or control on the other. This difference in policy may be a difference in psychology. In private enterprise, the individual tries to solve economic problems locally by cooperation within an industry, the Government remaining the servant. Under state capitalism, private enterprise steps aside, the Government attempts to solve these problems centrally and becomes the master.

Let us consider what may be the compromise or leavening element to

**"EVERY employer in the United States can make his own institution a Rock of Gibraltar against all enemies of industrial peace and American traditions if he has the will to do it"**

prevent the destruction of the one and the dominance of the other.

While the Creator endowed us with variable and differing individual abilities, He gave each of us an unvarying common instinct of self-preservation. In positive form this is the instinct of self-advancement. When functioning under man-made economics—the profit system—this becomes the instinctive

pursuit of personal profit. The dominant fundamental fact in support of capitalism and the profit system is that it stimulates the egoistic urge implanted in man, and that the incentive to produce and progress will be lost if that profit motive is not recognized and left free to function as the motivating force of material progress. All socialistic or collectivist sys-





The American worker is an incurable individualist. He wants to look forward to a vision of life better than anything ever experienced

tems have fallen and will fall when they collide with this incontestable principle which springs directly from the first law of human nature.

Then why are these collectivist movements sweeping the world, destroying democracies and free private enterprise?

For the simple reason that the individual personal interest—the egoistic instinct—of the masses of working people has not been recognized and satisfied. Our systems have seemed to cling to the false hypothesis that the worker does not possess the basic instinct of self-preservation and ambition for self-advancement which can be properly termed intelligent selfishness. In other words, we have almost accepted as axiomatic that a small group, generally termed “management” or “capital,” alone possesses the instinct and right to pursue personal profit.

Every beneficiary of private enter-

prise, every lover of democracy, should note that history shows that the “gifted” men of many periods have undertaken to misdirect their superior mental abilities by exploiting the “less gifted” masses of the people. Always, sooner or later, the latter have organized their greater numerical strength and overthrown the former—at the same time destroying the existing institutions. In former times they did it by violence. Today in this and other so-called democracies they are doing it with votes!

The lessons of the past teach us that the right to vote is not a sufficient stake in democracy to hold mass support. That one right has been used to destroy democracy unless the greater rights of participation in the benefits of the general economy are granted and established.

Ever since the Pharaohs built the pyramids, workers and employers have

been arguing over how much a job of work is worth in wages. They are still at it. And the threat of that dispute to the whole structure of business and society was never more ominous than today.

### Wages and profits

IF wages are too high and hours too short, American industries cannot compete—capital lies idle or migrates to more attractive fields and labor goes unemployed. If wages are too low, labor loses its purchasing power, sales of consumer goods decline and business in substantially all lines stagnates. In either case, both employee and employer suffer unnecessary loss.

Blend the wage scale with the profit-sharing differential and the same human being who was previously concentrating his attention on higher wages will discard the combative spirit and move in a cooperative direction. With a share in the profits added to his wage rate, he becomes cooperative on the whole question of compensation. This means removing the contentiousness of the wage rate by blending it with the “mutualized interest” and “instinctive cooperation” of profit-sharing.

Profit-sharing is of paramount importance to the present industrial situation because cooperation must be established between employer and employee before we can hope for industrial stabilization. Its social aspect is reflected in the fact that millions of persons end their lifetime of work at the age of 60 or 65 in poverty. Aside from the industrial or social factors, profit-sharing has political implications which everyone in America should consider seriously.

Every expert on the subject of industrial efficiency, from Frederick Winslow Taylor to date, gives testimony to the fact that the average industrial worker gives only from 50 to 65 per cent of his potential energy to his work. Suppose every worker were given the lure of reward which the profit motive holds forth to the investor, and that this lure brought forth an extra ten to 20 per cent of energy, plus cooperation, efficiency and savings. Would there be any cost to profit-sharing?

Think that over carefully.

You will understand why profit-sharing makes profits.

After studying policies and plans of every character operating in thousands of companies throughout the United States, a survey for the U. S. Senate Committee on Finance presented the record of 728 companies now operating wage-dividend, bonus, stock-purchases-sharing, pension- or profit-percentage-sharing formulas. Many of these companies operate many separate plants, mills, factories, and stores



in various sections. Others have one or more subsidiaries—one corporation, for example, has 35 subsidiary companies, most of them with different forms of employee policies. These subsidiaries, in turn, in many instances, operate a number of separate plants.

Profit-sharing has not been confined to small companies, where many have long contended it could only apply. Some of the reporting companies have capital ranging from \$50,000,000 to \$100,000,000.

### Loyalty to the company

"I WORK for the finest company in the United States. I have been with this company 23 years and I hope to remain the next 23 years and as long as I live. Our plant is operated and is supposed to be known as all skilled labor and mechanics. In the past ten years it has been almost impossible to get a job with our company. Few men quit jobs in our company. We have lost five men in ten years . . . four of them retired and one of them died."

That was the testimony of an employee of a Pennsylvania company. That expression of loyalty and allegiance was due to a profit-sharing plan operated successfully, and which not only has made the company successful but has established 100 per cent loyalty, cooperation and efficiency. We have thousands of similar statements by employees in profit-sharing companies throughout the nation.

How many employers in the United

States would like to have that kind of spirit expressed by their employees?

Does profit-sharing mean opening up the corporation treasury for division of profits—a form of "share the wealth?"

Most emphatically, no! Practically every corporation operating an intelligent profit-sharing plan presents testimony showing that the system, instead of costing money, has paid dividends to the company. These dividends result from increased efficiency, greater cooperation, stimulated energy, reduced turnover of labor, savings of material, supplies and machinery. In fact, the survey revealed companies where the operation of profit-sharing had turned losses into profits.

Do those who urge the study of profit-sharing approach it from a socialistic or sentimental viewpoint?

Certainly not! On the contrary, the approach is exactly the opposite. It represents social-mindedness; yet it is the antithesis of socialism. It distinctly conforms with the American system because it is business democracy. It is the essence of true cooperation which must embrace not only the wage relationship but also the profits relationship after labor and capital have both had their fair "wages." It carries the spirit and defense of capitalism to mass citizenship.

Does profit-sharing contemplate invasion of management and control by the worker group?

It positively does not! In the study and analysis of hundreds of companies operating under the profit-sharing prin-

ciple, not one single instance was found where the employee group sought in any way to usurp the rights of management or invade control. Even William Green, President of the American Federation of Labor, testifying before a committee at Washington, said:

Nothing involved in the acceptance of this real partnership (profit-sharing) alters the functions of management and workers.

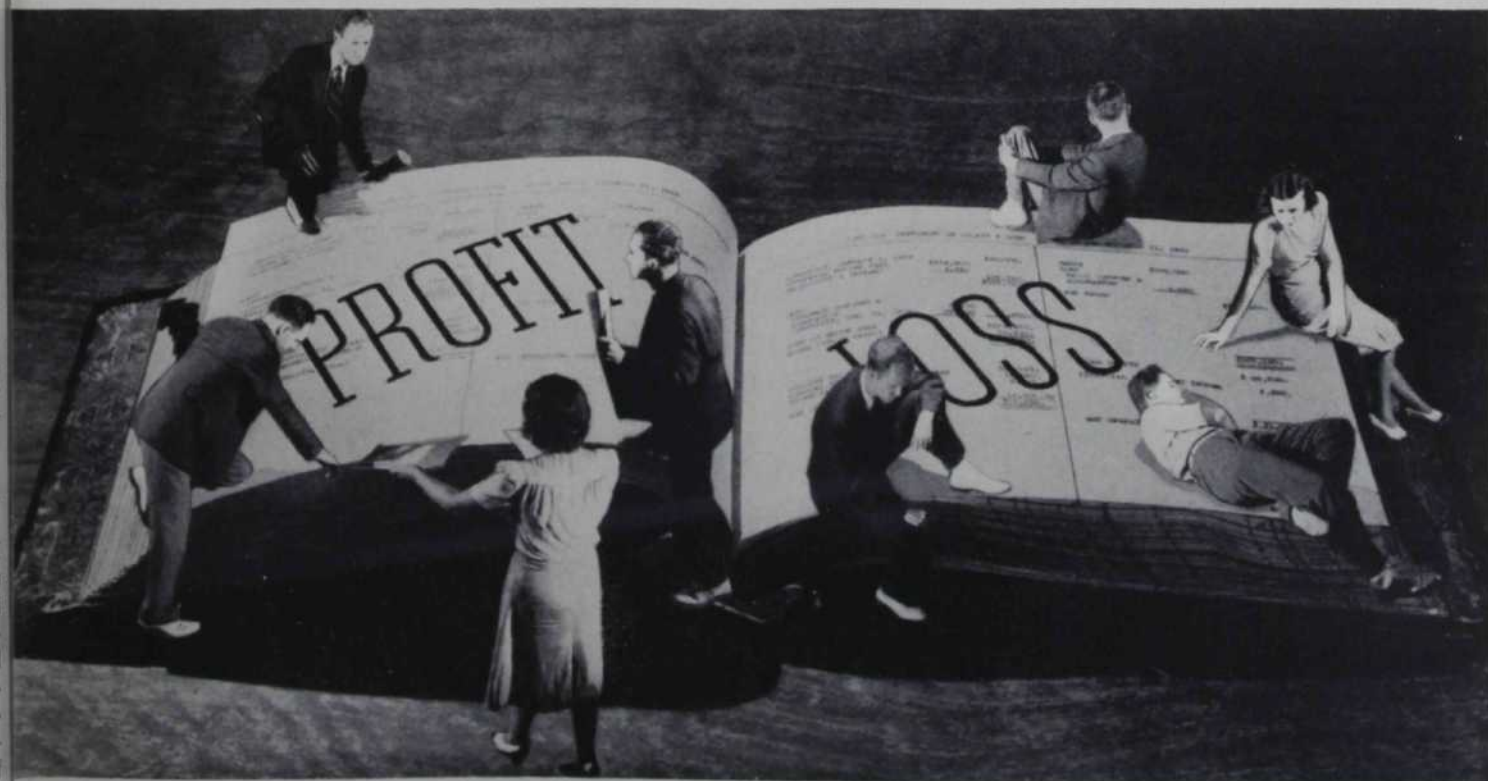
Albert Gallatin was the pioneer sponsor of profit-sharing in America. Gallatin, for 12 years Secretary of the Treasury under Presidents Jefferson and Madison, introduced the system in the glassworks which he established in New Geneva, Pa., in 1794. Gallatin advocated profit-sharing on the ground that the "democratic principle upon which this nation was founded should not be restricted to the political processes but should be applied to the industrial operation."

Horace Greeley devoted many columns in the New York *Tribune* to arguments in favor of the industrial partnership principle and inaugurated the profit-sharing plan in the personnel of that organization.

In his work on "The Wages Question" published in 1876, Prof. Francis A. Walker, President, Massachusetts Institute of Technology, writes:

That profit-sharing, if generally introduced, and carried on in good faith and good feeling, would secure a highly equitable division of the products of industry and would be a cure for most of the labor troubles from which we suffer, seems to me beyond dispute. As to the entire feasi-

(Continued on page 66)



A recent survey revealed companies where the operation of profit-sharing had turned red ink into black ink—losses into profits



WAR



Charles  
Dunn



# How NOT to Win a War

By LUI F. HELLMANN

**IN 1918 this country went hysterically to work to prepare to fight. Today it is well to study the mistakes we made then in the hope of preventing their repetition. Here are some of them**

**O**N THE drawing for the valve cage of the Liberty Motor appeared a small notation, a mere minor instruction and one which was, apparently, quite harmless and insignificant. It read "3/8-24 Tap—P.D.±.00025."

That little notation told the shop men and inspectors that they were to drill and tap a hole with a tap having an outside diameter of three-eighths of an inch, with 24 threads to the inch of length and that the pitch diameter of this thread must be held to the limits of plus or minus one fourth of one one-thousandth of an inch.

That simple little instruction was placed upon that drawing by a draftsman or engineer whose practical experience in the shop had consisted of an occasional walk through it. He had never done the thing which he was instructing those mechanics on the Liberty Motor production line to do. It seems incredible that this notation should have cost hundreds of lives and thousands of dollars. Yet it did that very thing!

During the first world war I was so associated with a firm engaged in building Hall-Scott and Liberty Motors that I was able to see at first hand many of the mistakes which were so costly in lives and money.

The tooling, methods and operations of this particular plant were under the general control of a committee called the "Tool and Production Committee." When first organized it had six members. It was through this committee that the first great delay and mistake occurred.

Every member of that committee was an expert; a thoroughly capable and practical shop mechanical man. Every one of them knew how to do mechanical things right. The great

delay occurred when they were permitted to criticize and change the jig, fixture and tool designs as a collective body. This situation divided the responsibilities. No one was definitely responsible for anything. Furthermore, practical shop men seldom perform an operation exactly the same way. The result was confusion and delay in getting the vital tool work started.

## No division of responsibility

THE proper procedure should have been to give each of those men a well defined portion of the work and to hold him responsible for its success. He would then have had the privilege of calling upon the other members of the committee for advice. But the final judgment and responsibility would have rested with him.

As a result of this divided responsibility, meetings attended by the members of this committee, the shop and other executives soon became "buck passing" sessions. Everybody blamed everybody else for everything and nobody was responsible for anything. This resulted in squabbles over both important and insignificant things and many days were lost in getting vital things done.

In the tool design department of this plant there were approximately 50 draftsmen. The tool design department of a plant has the responsibility of designing and drawing the plans for the special machines, jigs, fixtures, gauges and tools with which various parts are to be built. These tools must be made before actual production can start. For this department men are needed who, through practical shop experience, are familiar with machine tools and work procedure and who have a sufficient

knowledge of drawing to enable them to make clear, readable drawings.

When the military draft of 1917 went into effect no one considered that such men were worth far more behind the lines than they ever could be in the actual fighting. As a result, approximately 25 per cent of the men in our tool design department could not draw a satisfactory straight line, yet, with their help, the plant had to design the tools and fixtures with which the Liberty Motor was to be built.

The wastefulness of time and money in that plant was astonishing. One example was an item called "Tool Boxes." It seems that government regulations demanded that a suitable wooden tool box be made for every jig and fixture, together with its associated small tools. Whoever issued that instruction had an excellent idea in mind. He wanted to keep all associated tools together in one clean, easily found place, but he apparently did not know that more than 95 per cent of all jigs and fixtures made were designed to be attached to a given piece of machinery until they were worn out or the job was finished.

At any rate, despite protests, the tool boxes had to be made. Some half a dozen draftsmen of the tool design department were kept busy continuously making up regular dimensioned drawings for neatly partitioned wooden tool boxes. Eventually those drawings were checked and blueprinted. The blueprints were then sent to the wood shop where the boxes were fabricated in excellent style. They were painted a nice bright red and neatly stencilled with white paint giving the part number of the tool they were supposed to contain. After that they were carted out into the yard and thrown into a pile. The last time I saw that pile it was about the size of an average home. I suppose those boxes finally made good kindling for somebody.

In spite of all these initial delays, mistakes and handicaps, that plant finally managed to get into production on Liberty Motors. Then the mechanical mistakes of the shop began to appear.

The Liberty Motor cylinder started out as a steel forging. After going through a series of preliminary ma-



chining operations, it came to the welding booths where the valve cages and a steel water jacket were welded on. From this point, the assembled cylinder unit went to the "Cylinder Assembly Final Machining Department" where the final and more exacting machining operations were to be performed.

This department soon proved itself to be the bottle neck for this plant and it seemed impossible to get a smooth flow of cylinders coming through it. After considerable delay and much scrappage, a special man was sent to investigate.

He wandered about the department for a few days hunting the worst blocking point. He soon found it. It was in those three drill presses where the final valve seating was done. He watched those men work, he checked their piece prices and the committee's operation sheets. He found that those three men were earning just a little more than their day rate, yet the operation sheets said that they should be doing just about twice as many cylinders. He checked their jigs and tools and found them satisfactory. He asked them if they couldn't speed up some; told them that those cylinders were badly needed. They replied that it couldn't be done.

At this point I wish to say a word about patriotism. Undoubtedly those three men could wave a flag as wildly

faithfully they were doublecrossing their own pals in the army by their deliberate and wilful refusal to get out those motor cylinders.

In France men were dying because of our failure to get motors to them. Over here, men were lying down on the job, trying to figure out how little they could do for the most pay.

This man operated one of those drill presses for a day and then decided upon a course of action. He went into the time study and rate department and requested that the rates on that job be reduced about 30 per cent. The rate department told him that he was crazy; that it couldn't be done; that he would have a strike on his hands. But he stood his ground.

Their predictions came true. He had a strike. Those three operators quit. He pulled in three green men and, in two days, those three green men were earning \$15 a day for nine hours' work. He didn't care. He was getting out the cylinders and that bottle neck was broken.

Later two of those old operators begged him to return them to their jobs, but he refused.

He found the next bottle neck down at the milling machines which were milling the faces of the intake and exhaust flanges. The drawings of the cylinder allowed a limit of plus or minus one one-thousandth of an inch, a limit which was entirely satisfac-

over the inspection equipment and found no errors there. Yet the two would not give the same reading and the scrapping of cylinders continued. For the moment he was completely baffled. Then he saw the difficulty.

In the milling fixture, both from the viewpoint of rigidity for machining and from the ideas of the tool committee which had planned the operation, the work was located by a solid, rigid arbor in the bore of the cylinder and the machining was done with relation to a true center line through that bore.

### Different systems for checking

THE inspection division, which had planned the inspection fixture, had had a different idea. It believed that those flanges should be checked in relation to the way the cylinders were attached to the crankcase. As a result, their inspection fixture was designed and built to locate the cylinder on the crankcase pilot diameter and bolt flange.

The mistake here was the lack of cooperation between the production and the inspection departments.

The production man demanded a change in the checking fixture but the inspection department refused his request on the theoretical assumption that the bolting flange and crankcase pilot diameter must be in perfect relationship to the true center line.

However, the production man finally won out on his request after spending more than a week tracking down a virtually invisible bump or burr on the cylinder flange which had been put there by one of the previous machining operations. He finally succeeded in proving that this little bump was of a variable size and that it changed its location at random, a condition which explained why those intake and exhaust flange faces were weaving first one way and then the other when checked by that inspection fixture.

The new gauge was made and that bottle neck was broken, but weeks had been lost.

He now came to this third delay point or bottle neck. This one was a real headache. It was that apparently harmless and insignificant little note on the valve cage drawing which read "3/8-24 Tap—P.D.±.00025."

The only cylinders which we were ever able to get past the inspectors at that point were the products of a pure, unadulterated accident. It was simply due to the fact that one or more of our oversized taps had worn itself down to the correct limits and was holding it for a short time. Even when we did succeed in buying, making or wearing a tap to the correct limit, it was good for only ten to 50

(Continued on page 70)



"The Government won't let me sell these strawberries. Says better ones will come out later in the season"

as anyone. Undoubtedly they sang loudly at community patriotic meetings. Undoubtedly they voiced their loyalty as strongly as any other at the Liberty Loan meetings. But I have since wondered if they ever realized how truly and surely they were sabotaging their own United States; how

tory and which could be held practically. Yet the inspectors at this operation were rejecting cylinders almost as fast as they were machined. Obviously something was wrong. This man checked over the fixtures and equipment and found no cause for rejection there. He carefully checked



# Japan Plays for Higher Stakes

By HERBERT COREY

A JAPANESE diplomat explains his country's position in world affairs and an American writer draws some conclusions



Baled crude rubber headed for the docks in Singapore

EWING GALLOWAY



Foreman of a Japanese owned cotton plantation in Costa Rica with native workers

BLACK STAR

**T**HE All American Cartel may never be born. But, if it is, one thing is fairly certain: The Japanese will strangle the infant in its cradle.

Here is the argument:

If the Japanese control the rubber and tin supply of the world they can control that All American Cartel. This may not be a pleasant thing to hear. It is injurious to national pride. But let us look at the facts.

The United States needs rubber and tin in its everyday industrial life. It must have these things for the national defense program on which we are now beginning. We have no stock pile. The Army and Navy used to beg Congress for money with which to pile up stocks of these and other indispensable materials, but Congress turned an adamant face on the fighting men. This was at the time when billions were being consecrated to teaching young mothers how to stick a finger in baby's mouth to find out if the new tooth had started. Japan will have control



Open pit tin mines like this are worked by hand in Malaya and the East Indies. Bolivia is only country in western hemisphere with sizable tin mines



of rubber and tin. We will deal with Japan or with nobody.

Not nice to hear. But a fact.

### A giant trading company

THE South and Central American countries need rubber and tin and the other indispensable materials also. Not as much of them as we do, of course. They are not as industrialized as we are. But they need these things. The plan of the All American Cartel, so far as it has been unveiled, is to create a huge holding and trading company, somewhat on the plan of the old Hudson Bay company when it swapped blankets with the Indians for furs. The United States will put up the necessary billions for this scheme, if it becomes an actuality. In return we will have control. If we do not have control, the scheme is no good for us, except as another place in which to lose money. If we do have control, the South and Central American countries will not have control. That is a syrupy way of stating the facts. Already Argentina has discovered this and is manifesting restiveness. At the moment of writing other South and Central American countries are also beginning to fret a little.

If Japan controls the rubber and tin of the world and is daring enough to use that control, the All American Cartel can be readied up for the tube roses and the white satin ribbons, if and when it is born. We will say uncle,

so will our southern neighbors, and enough pressure will be brought from whatever is left of Europe to make sure that Japan will boss it. A cartel that is controlled by an outsider is not much of a cartel.

That Japan is looking ahead in these matters is demonstrated by one significant fact among many significant facts. Sotomatsu Kato, one of Japan's ace diplomats, at present rated as Minister at Large, has been in South America conferring with the Japanese diplomats there.

He reached Rio de Janeiro about the time that the idea of the All American Cartel first became known. That may have been a coincidence, but not many are credulous enough to believe so. Then he moved northward and conferred with the Japanese diplomats stationed in the Central American coun-

tries, and the Embassy at Washington, and finally with the diplomats in Canada.

He is as frank as one can reasonably expect a diplomat to be nowadays. Pass Sotomatsu Kato for the moment.

The theory on which this article is based breaks up, of course, if the Japanese do not control the rubber and tin and other indispensables—the things the Army and Navy call “critical” items. But they almost have control as these words are written. The source of the world's supply of rubber and tin and the other non-duplicated indispensables is in French Indo-China and the Dutch East Indies and the islands that neighbor them. Japan has already moved in on Indo-China. The world has become a vast grab-bag and Japan has a long arm. France has been



San Francisco harbor with two Japanese liners taking on cargo alongside a single American ship

EWING GALLOWAY



Japan has taken on many western habits and customs. Above is a modern department store in Tokyo—at right Japanese girls in western dress sip ice cream soda and American soft drink

EWING GALLOWAY



AUTHENTICATED NEWS



compelled to sign an agreement which, in effect, gives Japan the right to do what she pleases. The general in command of the small French army in Indo-China says he will resist. But Japan's control will be enforced, if and when she wishes, by her navy, and there she is supreme.

France is done for, at least for the moment. Britain is fighting for her life. Germany and Italy are engaged in war. Even if they were not, their combined fleets would not be equal to the Japanese fleet in ships, men and gun power. The United States will not interfere to keep Japan out of Indo-China and the Dutch East Indies, unless and until we were starved for the hitherto mentioned raw materials vital to our safety. The Monroe Doctrine does not stretch so far east.

### "Asia for the Asians"

JAPAN proposes to keep out of the war in Europe, but she sees for the first time a chance to make her "Asia for the Asians" doctrine an actuality. She will not bar western business men from doing business in Asian countries. Japan needs their trade and they need Japan's business, and Japan is a very realistic nation. But the old days of western political control in the East are gone.

Gone forever, Japan thinks. It may take a war to settle this in the end. But that war cannot come now.

Our Navy could no more attempt to attack Japan in the East than our admirals could go to the Milky Way in a blimp. No doubt we have a better and bigger navy than has Japan right now, ship for ship, man for man, gun for gun. But we lack eastern bases. Our longest radius of action is 2,000 miles from Hawaii, and the distances involved are 4,000 miles. We will have a greater navy one of these days, but we will still lack bases. Meanwhile we will have no reason for getting into hostilities with Japan. The only possible excuses for such action would be an invasion of the Philippines by Japan, and if there is one thing sure in a fantastic world it is that nothing of this sort will happen until the Filipinos enter the glory of their independence in 1946. Maybe not then. The Philippine Islands will always be at hand for Japan to take if and when she needs whatever they may have. A second reason why Japan will not get into war with us is that she could not afford it. We cannot attack her in the East, but we could raise merry thunder with her business and her commerce.

Therefore she will try to do business with us in a businesslike way. The hitherto mentioned control of rubber and tin will aid her in this. We will be compelled to do business with her, All American Cartel or no. The more that A.A.C. takes form the more certain is

(Continued on page 60)

## All America Trade Corporation

**CAN United States cash and credit block further totalitarian economic penetration of the Western hemisphere is a question for the Havana conference**

**T**HE IDEA of a trade union of Western Hemisphere countries originated in departmental considerations of Washington Administration with goal the attainment of economic solidarity through persuasive arguments of gold, adequate trade outlets, and fear of German domination.

Barter and exchange bait dangled by Hitler Government before statesmen of other hemisphere countries would be outdone by United States in offering capital and credits for internal improvements and development of natural resources. In return, United States would acquire virtual control of exports from beneficiary countries, would underwrite disposition of products and would try to move them at a price in face of unfriendly situations elsewhere. Magnitude of job defined by suggested procedure is dimensioned by last year's \$1,000,000,000 volume of Latin-American trade with Europe and Asia.

Workability and acceptability of proposal are conditioned on political self-interest and racial considerations as well as geographic unity. Regarded in some quarters as a "cartel," the plan characterized as a "joint marketing of important staple exports" satisfies only in part the classic definition of a cartel as a trust or agreement of rival merchants to limit production or otherwise temper the extremity of competition.

Regardless of the evident urgency of the situation in general, this proposal at the outset faced an ominous obstacle in the deep-seated Latin-American suspicion of anything savoring of "Yankee economic hegemony," no matter how altruistic it may appear. Even though such an undertaking be inspired by the utmost good will, it simply can evoke only the most cautious and restrained cooperation hedged about with nullifying qualifications on the part of the major Latin-American nations. Backwash of violent criticism which came in the wake of Latin-American loans made by our bankers in the 1920's is an eloquent example of the type of the antagonism which may be expected as reaction to high-powered, concerted economic moves on our part in the southern countries even though ostensibly "in their own best interests."

Quite apart from the enormous losses undoubtedly inherent in such a program (estimates range from \$200,000,000 to

\$1,000,000,000 a year), an even more potent debit results in this factor of Latin-American good will. Astute and crafty new leadership in Continental Europe will promptly capitalize any loss of friendship for the United States and turn to profitable account any indication of ill will.

Moreover, several shrewd Latin-American observers see peril for their countries in such a device through curtailment of their direct contacts with valued trade centers in Europe. They, too, have highly cherished good will assets among many important European customers for products whose very identity would disappear under any such blanketing of commercial operations.

By far the larger export markets of some of the outstanding Latin-American staples, notably wheat, tin, wool, meats, and petroleum, are in Europe. It is true that, in some instances, these might in a measure be diverted to the United States, eliminating European intermediaries and processors.

In such cases a feasible application of the new idea might be partly effected, but it is difficult to see how the United States can expect to absorb the formidable totals of coffee, meats, cereals and petroleum exported from Latin-America and Europe in normal times. Indeed, a closely-knit European economic bloc might undertake to exaggerate our embarrassment by stimulating the production or importation of such items to Europe from its own territories at home and overseas.

Obviously, some Latin-American products can look to increasing markets in the United States and in this readjustment the proposed plan might help. This applies, for example, to replacement of Far Eastern rubber, tin, and tung oil, and Russian manganese, skins, and platinum, from Latin-American sources. Then, too, our exportable surpluses of such domestic items as meats and non-edible vegetable oils are diminishing.

It is clear enough that any such export-control program will require a far-flung, highly organized effort to place the Latin-American industries involved on a much more orderly and well planned basis. The Administration is already contemplating this problem through the newly organized Inter-American Development Commission, but this program of strengthening and organizing Latin-American production, especially of materials marketable in this country, with governmental financial assistance where needed, on the one hand, and private industrial and commercial collaboration, on the other, is an imperative preliminary—not a mere sequel or minor adjunct—to the more pretentious and highly nebulous export agency project.

(Continued on page 64)



# No Business Can Escape Change

Despite the vacation season business continues to serve the public

**1 •** A PLASTIC electric cover plate for wall switches gives a luminescent glow in the dark. Particularly useful for dark rooms, hallways, the plates contain no phosphorus or radioactive material.

**2 •** A LINE of plumbing fixtures is now made in a rustless solid stainless steel and is exceptionally easy to keep clean. A newly developed chemical polishing method eliminates the costly hand polishing and resultant high prices.

**3 •** A RADIO for bicycles is now made which is compact, light weight, and low priced. The batteries mount on the frame, the set itself has a shock-proof mounting on the handle bars.

**4 •** AN automatic packaging machine to handle a heat-sealing transparent wrapping material has been developed. The seal is so tight that an opening tape is necessary which is inserted by this machine.

**5 •** A NEW commercial type vacuum cleaner is sufficiently silent that it may be used in offices during working hours, in hospitals without disturbing patients, and in hotels without disturbing sleeping guests. It is easily moved on casters, has no exposed bag.

**6 •** FOR charcoal cooking in the garden or nearby spots there is a grill mounted on wide wheels that is easily moved. It is unaffected by wind, is shaped so that ashes and coal are caught beneath the fire screen on a layer of sand; it does not mar the lawn or garden. Firebox is adjustable to permit use of a large or small area.

**7 •** AN improved extension spray gun available in lengths up to 12 feet makes possible painting many rooms and walls without scaffolding. Different lengths of shaft may be used on the same gun, and, with scaffolding, it will work either up or down.

**8 •** A POCKET-SIZED stapling machine can be used for many types of paper and card fastening. It is made of steel and plastics, has a detachable base which permits it to be used as a plier-type hand fastener. With the clincher base swung back it can be used as a tacker. It locks shut for carrying.

**9 •** AN American camera now available uses 35 mm. film, has an F. 3.5 anastigmat lens, and a built-in coupled range finder of the split field type. It sells at a moderate price for this type camera.

**10 •** FOR fishermen there is a new float. It has a spring at top of bobber and a hook at bottom which permits insertion of the line. The hook may be set to hold the line tightly to the bobber, or for casting, to allow a limited amount of slip.

**11 •** A NEW fluorescent luminaire is designed for four 40 watt fluorescent lamps. It has a grill bottom to conceal the bulbs from direct view. The light output is 60 per cent downward and 40 per cent upward. The bottom grille is hinged. The fixture may be attached to ceiling before wires are joined.

**12 •** MIRRORS produced by a new mechanical process go through the silvering room on a conveyor without being touched. A uniform brilliant reflective surface without finger prints, dust particles, and other latent flaws is claimed.

**13 •** A NEW forage harvester with interchangeable sickle and pick-up attachment handles grass silage, dry hay, corn and sorghum silage, fodder and straw after a combine. It chops forage into short pieces and compacts hay or straw into small storage space.

**14 •** FOR editing home movies, either 8 mm. or 16 mm., there is now a film viewer which has an intermittent action to show real movies on the ground glass screen instead of a series of single frames. It also has a new system of marking frames.

**15 •** ONE LINE of electrically driven horizontal centrifugal pumps has a base so arranged that neither the weight of the pump and motor nor stresses of misalignment and hold-down bolts are imposed on the common shaft.



**16 •** AN extension for a flashlight bulb which is adaptable to most flashlights allows the bulb to be put at the end of a tube one-eighth inch in diameter. Available in lengths from six inches to 36 inches, one end is screwed into the bulb socket, the other onto the bulb. The tube can be bent and rebent.

**17 •** A MAGAZINE-LOADING 16 mm. movie camera is now made that has a three-lens turret head. It has automatically positioned viewfinders mounted in the turret beside each lens.

**18 •** DOLLIES for seaplanes now made make possible loading and unloading an average light seaplane by one man. The dollies have waterproof, swivel-type casters.

**19 •** A NEW cold storage locker for home use has a barrel-shaped storage compartment which is surrounded by the refrigerant. Meats and vegetables can be quick-frozen or frosted foods preserved at temperatures down to zero or slightly below. Capacity is 30 gallons.

**20 •** PHOTOGRAPHY with thin metal alloys as a base instead of paper or film is said to offer advantages where permanence or exact dimensions are desirable. A pilot plant making the sensitized metal claims advances in many fields of photography. The material can substitute for both film and paper.

**21 •** TO simplify installation of electrical switches and outlets in thin wall partitions there is a new double-end outlet box. Two switches or outlets may be placed beside each other in the box but facing in opposite directions to supply adjacent rooms.

—W. L. HAMMER

EDITOR'S NOTE—This material is gathered from the many sources to which NATION'S BUSINESS has access and from the flow of business news into our offices in Washington. Further information on any of these items can be had by writing us.





The Hetz Company used to build ore bridges like this. Now it tears them down

## A Doctor for Sick Cities

By GEORGE R. REISS

**R**USSELL R. HETZ likes to be known as an "industrial physician and surgeon," and his practice is limited to industrial obstetrics and to amputations of withering appendages from industrial cripples and misfits.

Hetz has built up a unique profession and a profitable business in helping communities to cure their industrial ills and aches. He has helped to get scores of infant industries started safely on the path of life and has guided larger industries in ridding themselves of unprofitable growths that threatened their health.

More specifically, Hetz' business is to help industrial concerns "liquidate" profitably their unneeded plants and to turn these properties over to young concerns at prices they can afford to pay. In doing this he has saved many cities and towns from industrial stagnation.

Hetz has thus become an outstanding authority on the problem that bothers so many smaller cities



Russell R. Hetz offers some good advice to cities seeking new industries

and towns—how to attract new industries and hold old ones.

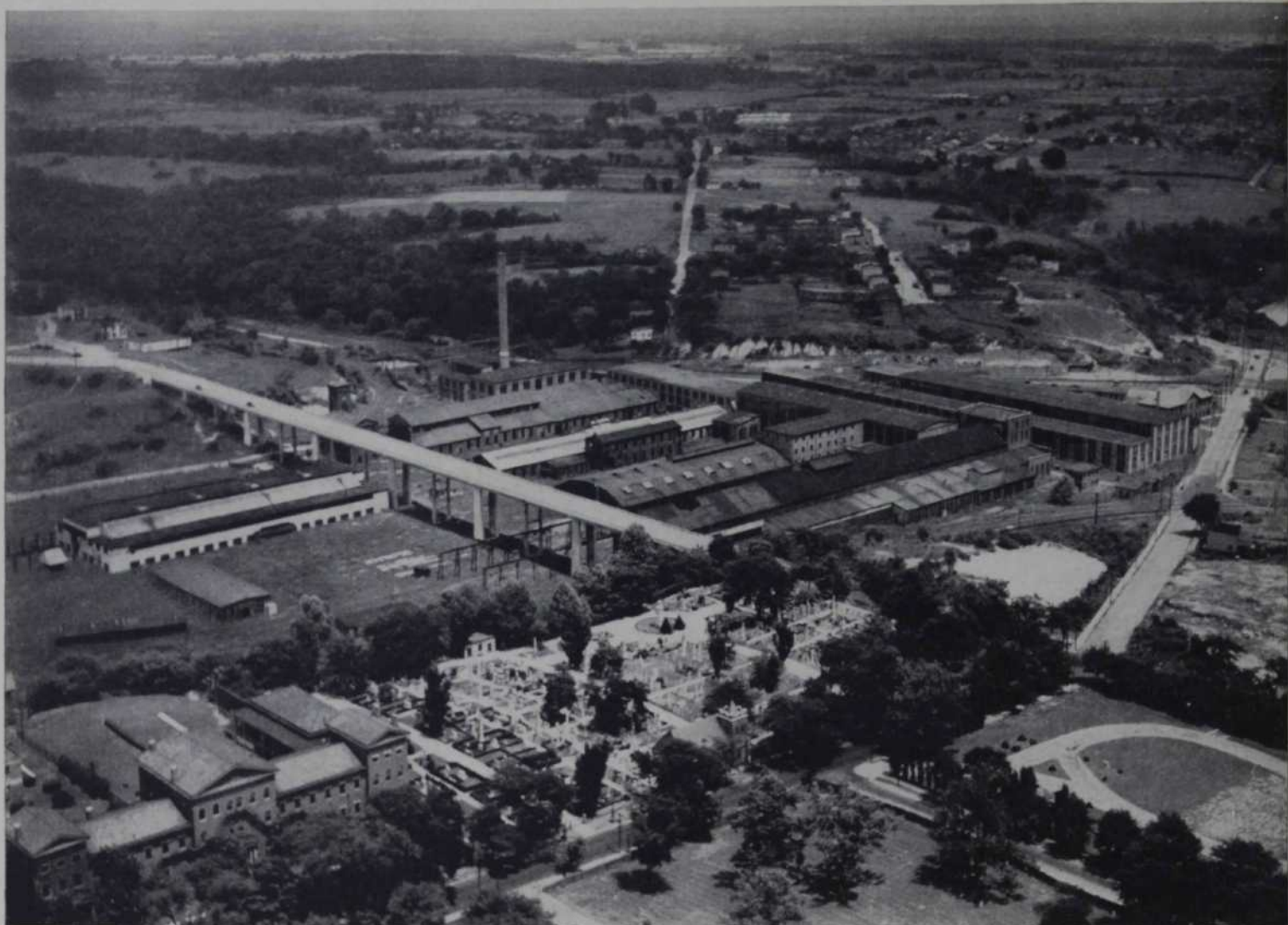
He owns what probably is America's biggest file of industrial companies ranging from those employing two or three hands to those with thousands of workmen. This file shows their plant locations, products, sources of raw materials, markets, factory requirements, labor supplies and requirements, and financial status—all important items in determining their futures.

His story is proof that opportunity still knocks—if you're alert; and that there still is a premium on ingenuity, wit, and hard work.

Hetz is president of the Hetz Construction Company of Warren, Ohio. The name is a misnomer. It really is not a construction company at all although it once was. In the beginning, the company specialized in erecting buildings for steel companies but, with the depression, steel plants closed down, quit putting up new buildings.

Eager to keep his staff of workmen





The abandoned locomotive plant in Richmond looked like this before it was remodeled

DEMENTE STUDIO

and his equipment busy, Hetz continued to canvass his former customers in search of building jobs.

"No," laughed a former customer, a steel plant executive, ruefully, one day, "I can't let you build me any new plants. I've got too many plants now."

"Then," bantered Hetz good-naturedly, "hire me to tear some of them down."

"By gosh, I will," the steel man said. "Got to save expenses."

As a result, Hetz tore down one of the customer's old rolling mills that, having outlived its usefulness, was falling into disrepair, eating up its worth in taxes, insurance, watchmen's wages and other expenses.

Hetz found a ready market among smaller concerns for the cranes and other machinery. The structural steel he cut to open hearth size and sold to the steel mills. He found a market, too, for the old lumber, bricks and other materials. When the job was done, he found he had earned a tidy profit.

So he hunted up similar jobs, among them the dismantling of the American Steel & Wire Company's huge Newburg iron and steel plant at Cleveland, one

of the biggest industrial wrecking jobs ever attempted in this country. He razed obsolete blast furnaces, old rolling mills, manufacturing plants in Girard, Warren, Niles, Youngstown and Cleveland, Ohio; in Sharpville, Black Lick, Pittsburgh, New Castle, Pa.; Newport, Ky.; and Duluth, Minn., where he had to pay into the state compensation fund 40 cents for every dollar he paid his workmen.

#### Waste in wrecking plants

IN his new field he found considerable success and a good profit but his heart wasn't in his work. He deplored the economic waste of dismantling plants which might rightly have had many years of useful life. He saw the economic loss to workers who had bought homes counting on keeping their jobs; the loss to merchants, banks and the communities in general.

The problem troubled him.

Then, a few years ago, he was called in to raze the American Locomotive Company's \$1,000,000 locomotive plant at Richmond, Va., a fine, staunchly-built, well maintained structure. Once

it employed thousands of men, built many fine locomotives, but it had been unused for ten years. The company had found that it could handle all its orders more profitably from other plants. The Richmond property, although as good as the day it was built, was no longer useful, and a serious drain on the company's income.

The building had been on the market for ten years, first at a price near its original cost, later at almost any figure, but it was too large for small concerns to handle and the large companies were not interested. Hence the wrecking job for Hetz.

"It seems a shame," he told an executive of the locomotive company, "to tear down such a fine plant."

He visualized, in place of the well maintained buildings, the usual desolate, barren plain of overturned concrete pillars and shattered bricks; many empty homes nearby; boarded up stores; and a bitter resentment in the city against the locomotive company—just as he had witnessed in other cities where he had razed abandoned plants.

The locomotive executive nodded.

"It is a shame," he agreed. "But





The Richmond Engineering Company took over this section of the plant

A view of the Engineering Company's new home before Hetz started working on it



there's nothing else we can do. The plant is useless to us. We might as well get what we can out of it."

"Tell you what I'll do," proposed Hetz. "If I raise your guarantee . . ."

"If you've got in mind selling it—" the executive laughed, "Well, we've been trying to sell it for ten years."

"You haven't tried selling the way I'm going to sell it," Hetz said.

Eagerly he pitched into the job. He made a thorough survey of the plant, its buildings, its roadways, its railroad sidings. Then he began a study of smaller industrial concerns which were already located in Richmond or had important markets or sources of raw materials there. None was interested in buying the big, rangy locomotive works—but many were interested in Hetz' plan, especially as he offered to save them much money.

Hetz gathered up a crew of his most skilled and experienced workmen and put them to work. The gang ripped out a building here and there, put in some new partitions, laid new gas and water lines, relocated roads and rail sidings and finally the plant—or rather four plants—was ready.

The Richmond Engineering Company was his first customer. The concern, manufacturing septic tanks, hot water heaters and other steel products, was badly cramped in its old quarters. It found a locomotive shop, with strong cranes, good light and high walls, ideal for its purposes—especially at little more than scrap prices. So the company took more than 100,000 square feet of floor space and was able to triple its output.

Then came the Dixie Wine Company. Its processes required huge boilers. The locomotive works powerhouse was ideal and the price couldn't be matched elsewhere.

The Richmond Structural Steel Company, a fabricator of bridges and other structural steels, already had a Richmond plant, but was badly crowded.

It needed a plant addition, especially if it didn't cost too much, and a part of the locomotive works filled the bill nicely.

The Larus & Brother Company, a cigar manufacturing concern, hunting location near the tobacco fields, also found suitable quarters in the locomotive works, adapting some of the buildings and erecting modern tobacco stor-

(Continued on page 55)





Elephants double as performers and work horses for moving wagons

IF THE *New York Times* had suspended publication, if the United States Steel Company had failed, the announcement could have been no more surprising to thousands of newspaper readers than the dispatch that came out of Scranton, Pa., in June, 1938:

Ringling Brothers and Barnum & Bailey Circus, the "Greatest Show on Earth," left here today for its winter quarters in Sarasota, Fla., after completing only 11 weeks of the season's 30 week route. The closing of the show came after arbitration of circus's labor union trouble failed to materialize.

To thousands of circus lovers the closing of the Big Show meant the omission of the one day in the year on which they could escape into the world of make-believe, the world of spangles, elephants and maharajas, ferocious lions and amusing seals, aerialists in death-defying feats, and hundreds of other once-a-year thrills. To enthusiastic, died-in-the-wool circus fans, it was an alarming note, sounding the possible doom of a great American institution.

To John Ringling North, 35 year old executive head of the circus and nephew of the original founders, the closing of the show might have meant the ignominious end of a gallant attempt to return the circus to the ownership of the Ringling family.

Only the previous fall North had borrowed \$1,000,000 from his late Uncle John Ringling's good friend, Harvey Gibson, of New York's Manufacturers Trust Company. With this loan he had paid off the mortgage which had temporarily taken control of the sawdust empire away from



In an average day the 74 chefs will use 2,220 loaves of bread, 285 pounds of butter, 3,600 ears of sweet corn, 30 gallons of milk



Last year the circus played to 4,000,000 persons. Value of its physical assets is estimated at \$3,000,000

# Rebirth of An

By WILLIAM HAUSBERG



# Old Sawdust Empire

A YOUNG CIRCUS MANAGER meets the common problems of business in running his spectacular world of make-believe. Behind the

scenes are the old bugaboos of labor trouble, obsolescence, and finance. Here's how the scion of one circus family whipped them



One of first steps in modernization was elimination of draft horses and substitution of trucks and tractors



When a strike threatened to close the show performers like these volunteered as workingmen and hustled circus props



Gargantua, \$10,000 gorilla, was a most profitable investment

the Ringlings. Though things looked black in June, 1938, and veteran showmen professed to see the end of the 54 year old "Greatest Show on Earth," this story has a happy ending. This year the Ringling Circus is on the road, bigger and more spectacular than ever, the Ringling family is again in control and, by the time you read this, the last remaining payment

on the \$1,000,000 loan will probably have been made.

To appreciate the significance of the temporary closing of the Ringling Brothers and Barnum & Bailey Circus in Scranton, it is necessary to go back into circus history. At the turn of the century, scores of circuses were touring the country, two of which were of real consequence—Ringling Brothers, built up by the five famous brothers from a family concert troupe; and Barnum & Bailey which James A.



Bailey had established by combining his own circus with that of the original Phineas T. Barnum. After a certain amount of story-book rivalry, the Ringlings and Bailey came to an agreement whereby the Ringlings were to have the western part of the country, Bailey the eastern.

In 1907, after Bailey's death, the Ringlings bought control of the Barnum & Bailey Circus and operated it intact until 1919 when the two shows were combined into the present Ringling Brothers and Barnum & Bailey Circus. The newly formed show traveled on 100 double-length railroad cars and has always remained about this size, twice that of any rival.

The 1920's was a golden age for the American circus. During that decade

the Ringling show prospered. So also did a new circus combine which in time was to become responsible for the temporary abdication of the Ringling reign in the circus world.

In 1921 three shrewd Hoosiers, Jerry Mugivan, Bert Bowers, and Ed Ballard, founded the American Circus Corporation which gradually acquired ownership of about every worth while circus in the country outside of the Ringling organization. The Ringlings and the combine carried on a gentlemanly rivalry, never having any serious trouble. Money was plentiful and there was ample territory for each show.

Now John Ringling, the last surviving brother of the original five, was a director of New York's Madison Square Garden. Every spring he saw to it that his circus played in the Garden for the month of April.

In 1929 the other Garden directors voted to allow the circus to tenant the building only if

the show moved out every Friday night to make way for the more lucrative weekly boxing bouts.

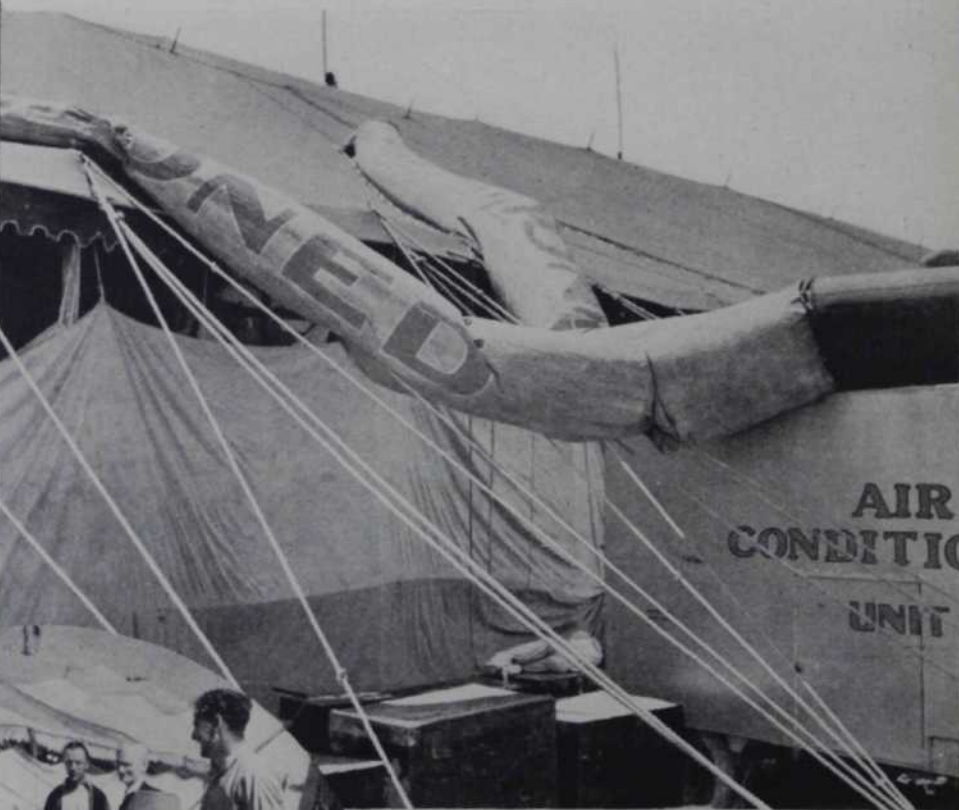
Refusing to agree to any such terms, John Ringling went ahead with plans to open his show in a New York armory when word came that Sells-Floto Circus, an American Circus Corporation property, was renting Madison Square Garden for the month of April, Friday nights excepted.

To allow a rival to obtain a foothold in New York was bad business, John Ringling thought. Consequently, within the next ten days, he bought out the American Circus Corporation and its six operating railroad circuses. But, to acquire them, Ringling had to give his personal note for \$1,700,000.

The depression of the early '30's hit outdoor show business hard. The Ringling shows lost money, as did all others, but completed each season and, in accordance with family tradition, always paid off their employees in full. It was



The pay roll includes 1,600 working-men and performers



Air conditioning and introduction of a blue canvas big top helped modernize the show



Oats for elephants are prepared by the tubful

impossible for John Ringling to make payments on his notes. Eventually they were taken over by a realty mortgage company and he lost control of the sawdust empire he had helped to found. When John Ringling died in 1935, though he still possessed vast unliquid resources ranging from railroads to Rembrandts, the possibility that the extensive Ringling circus properties would ever return to the family's con-

(Continued on page 68)



# Whose Responsibility?



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## Leaders in the March of Business



C. R. Sheaffer



William J. Graham (left) with Grover Whalen



John J. Borrup



Daniel W. Creeden

**W**ILLIAM J. GRAHAM, vice president, Equitable Life Assurance Society of the U. S., who recently observed his 30th anniversary with the company. Most of his time has been devoted to development of group insurance which was introduced by the Equitable on June 1, 1911. The greatest three months in group insurance business during the company's history was established in the period ending May 30 of this year.

C. R. Sheaffer, president, W. A. Sheaffer Pen Co., of Ft. Madison, Iowa, whose employees received on June 28, the largest mid-year profit sharing bonus the company ever paid. Each of the 1,200 employees, regardless of length of service, received 15 per cent of their individual earnings during the six months ended May 31.

John J. Borrup, superintendent and factory manager in charge of production since the first Wasp was built in 1925 has been appointed to the new post of production manager of Pratt & Whitney Aircraft. His new duties include supervision of subcontractors and coordination of their efforts with his own company's activities.

Daniel W. Creeden, new president of Libby, McNeill & Libby, is shown here inspecting a crate of pineapples at one of the company's Hawaiian plantations. Mr. Creeden joined Swift & Co. in 1913, became vice-president in 1934 and joined his present organization as vice-president in 1938.

Irving S. Olds, 53, lawyer and member of the firm of White & Case, succeeded Edward R. Stettinius, Jr., as chairman of U. S. Steel. He was associated with the late Edward R. Stettinius during the World War as special assistant in the War Department. He joined U. S. Steel's directorate in 1936 and visited all the company properties as rapidly as possible in an "unquenchable thirst for facts." Among his big jobs have been preparation of the J. P. Morgan firm's data for presentation before the Nye munitions investigation and the steel company's information which was submitted to the O'Mahoney monopoly investigation committee.



Irving S. Olds

PICTURES, INC.





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Whenever you have a question about your policy, it is advisable to consult your Metropolitan agent first. It is his responsibility to help you solve your insurance problems, and to serve you efficiently, sympathetically, and intelligently... and *without additional charge* of any kind.

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### *Settlement of Death Claims or other Benefits.*

Except for notary fees, there is no need for a beneficiary to pay a fee for preparation of claim papers or the papers necessary for other benefits. Your Metropolitan Agent

will give you any assistance that may be necessary in preparing and filing such papers, and will help to arrange for prompt payment of the claim.

### *Analyzing or checking your insurance program.*

Your Metropolitan Agent will co-operate with you in seeing that your insurance fulfills the purpose for which you bought it. If there have been any changes in your economic status, or in your family obligations, your Agent will help you work out a plan to make your insurance program cover them.

### *Explaining Retroactive Benefits on Liberalized Policies.*

Metropolitan, in common with other companies, has made liberalizing improvements through the years, particularly in Industrial policies. Each improvement has been of advantage to the policyholder. Wherever possible, these additional benefits have been made retroactive, so that if you own an old policy, you may be entitled to certain benefits which this old policy does not contain in writing.

If you have an old policy on which you no longer pay premiums, you may wonder if it has any value. Such old policies often do have value. And, through voluntary action by the Company, many Weekly Premium policies have become eligible for cash surrender value if premiums on them were paid for at least three years, even though the policy terms require a longer premium-paying period.

Of course, nothing in this advertisement is intended to suggest that either you or

your beneficiaries should refrain from consulting a trusted family advisor, or a competent and reputable attorney-at-law in case you, or your beneficiaries, feel the need of doing so.

**One thing more.** Even though you may have read your life insurance policy thoroughly, do so again . . . at once. Read it from beginning to end. Be certain that both you and your beneficiaries are familiar with its provisions. If there is anything that you, or they, do not understand, your Company's agent will be glad to explain—or, if you prefer, communicate with the Home office.

COPYRIGHT 1940—METROPOLITAN LIFE INSURANCE CO.

*This is Number 28 in a series of advertisements designed to give the public a clearer understanding of how a life insurance company operates. Copies of preceding advertisements in this series will be mailed upon request.*

## **Metropolitan Life Insurance Company**

(A MUTUAL COMPANY)

*Frederick H. Ecker,*  
CHAIRMAN OF THE BOARD

*Leroy A. Lincoln,*  
PRESIDENT

1 MADISON AVENUE, NEW YORK, N. Y.



*Plan to visit the Metropolitan's exhibits at the New York World's Fair and at the Golden Gate International Exposition in San Francisco.*



# Washington and Your Business

## Four Horsemen of New World

HENRY WALLACE, Adolph Berle, Harry Hopkins and Sumner Welles seem to be the coordinating daddies of the new scheme to handle all the South American business from the powerhouse in Washington. This is not a recommendation to the conservative element on Capitol Hill:

"Hank would be o.k. if Nature did not insist on going one way when Hank starts the other," said one of the less shakable statesmen. "It's a pity Adolph only has one world to play with. Harry still looks on 'the profit motive' as a rattlesnake in the national bed. Sumner is an exponent of the 'or else' school of statesmanship."

Inquiry shows that the congressional conservatives think the All American Cartel will not work.

## Even the U. S. Might Not Play

THERE is, according to the pained congressmen quoted above, even the possibility that, after the All American Cartel were rigged and financed for the control of all South American exports, we would not play:

"Perhaps," say these tough old gentlemen, "we might want to sell goods to Germany on our own account. The betting would then be the Department of Agriculture to a jokebook that we would do it. On Capitol Hill we do not want to sign up for an everlasting war against Europe, even if Hitler does run it."

## Hull Needs a Loud-Speaker

GOSSIP from the visitors to the State Department is that, when Secretary Hull thinks of the All American Cartel, the ruin of his reciprocities, the sale of war materials and the underwriting of British contracts for motor engines, planes, and other things—it is understood that if the British are unable to make good on their contracts the U. S. will pick them up—the soft-voiced Tennessean uses the folk-talk of his vigorous ancestors. Those who have listened wish other folks could hear him.

## Stick a Pin in This Prediction

IN spite of the peace rumors in the air, the less excitable folk in the Government think the war will run through the summer of 1941. Reasons: Britain now has more than half the merchant tonnage of the world, thanks to her seizure of bottoms once owned by the small nations that have been dispensed with; therefore, she cannot be starved; it is unlikely that Germany can bomb her down this summer; famine will hit Europe this winter; improbable that neutral nations will be permitted to feed the sufferers, and so relieve Germany; nothing is such a sure seed of revolution as a pain behind the belt buckle.

## Pay Your Money: Take a Choice

NO one believes the persistent whisper that an understanding—not of treaty force but nevertheless an understanding—has been arrived at between the United States and Great Britain by the terms of which we are bound to protect Indo China, British Malaysia and the Dutch East Indies from clutching hands. No one quite disbelieves it, either. We cannot get rubber and tin for our almost non-existent stock piles in any other quarter. Synthetic rubber in

quantity is still a pious aspiration only. If Japan seizes these lands there would be advocates in Congress for a trade arrangement rather than a war that we are not prepared to fight.

## Dash of Poison for the F. T. C.

NATION'S BUSINESS recently pointed out that the Federal Trade Commission has at enormous cost studied 220,760 printed advertisements and 1,384,353 pages of radio commercials in the course of the year and only found formal action necessary in 271 cases. It is even possible that some of the advertisers found guilty accepted a "stipulation" because they were unable to buck the Government any longer. NATION'S BUSINESS pointed out that this was an infinitesimal mouse to be born of such an enormous mountain. Another moral could be offered, to the effect that the Administration itself employs more than 271 press agents in its propaganda—and that there is a law forbidding the Government to do any such thing.

## Statesmen in the House

A SUBCOMMITTEE of the House Ways and Means committee rejected the Patman bill to tax chain stores out of existence, not because of the immense volume of disapproval of the bill, but because:

"If such legislation is necessary it should be regulatory and not punitive."

That is pretty good American doctrine. The committee must have spent time and thought on the Patman proposal.

## Not So Good in the Senate

THEN House and Senate transformed the U.S. Housing Authority from a slum clearance agency into an organization for the development of "national defense housing" after about as much time and thought as a college boy with \$27.50 would give to the purchase of a jalopy. Senator Wagner prepared the amendment; Senator Walsh presented it with an explanation that he had not been able to examine it; the Senate accepted it as is; the House passed it without debate. Neither house seems to have realized what had been done.

## Gangway for a Radio Censor

THE radio industry thinks that the F.C.C.'s recent report on network control is a preliminary to what *Broadcasting* magazine calls, "New assaults upon free, private, competitive enterprise."

If the F.C.C. can take over supervision of station and network revenues, in defiance of the law and the courts,

"It would be but a short haul for the Government to fix rates and regulate profits."

Broadcasting is Big Business nowadays. In 1938 the income from advertising reached \$165,000,000.

## Yes-No Vote on Chairman Fly

IF a real war emergency were to arise, the Government would be forced to take over control of all communications. Meanwhile there is a disposition to regard the present state-of-uneasiness emergency as enough to justify such



*These folks hardly ever works late, since installin' that new*

## MODEL M CUSHIONED-TOUCH COMPTOMETER



### NEW FEATURES OF THE MODEL M CUSHIONED-TOUCH COMPTOMETER

#### FOR FASTER, EASIER OPERATION:

Lighter key-stroke  
Flexible keyboard  
One-hand subtraction  
Improved decimal pointers

#### FOR MINIMIZED EYE-STRAIN:

No-glare answer dials  
Larger, more legible  
answer numerals  
Restful grey-green color

#### FOR GREATER QUIET:

Mechanism floated in  
rubber  
Scientific soundproofing

#### FOR IMPROVED APPEARANCE:

Cancelling lever built  
inside case  
New color and modern,  
simplified lines to har-  
monize with modern  
office interiors

*GLARE results  
in eye-fatigue  
and lowered  
efficiency. New  
no-glare an-  
swer dials and  
large, legible  
numerals re-  
duce this fa-  
tigue-factor to  
a minimum.*



EXECUTIVES, familiar with the remarkable speed, Controlled-Key accuracy, and substantial economy of the Comptometer, have asked us how we found room for so many real improvements in the new Model M with the Cushioned-Touch.

The answer is in *greater speed . . . greater quiet . . . greater ease of operation . . . and improved appearance*. Which, added to the fundamental Comptometer advantages, mean *greater "Comptometer Economy"!*

To learn how the new Model M Comptometer, and modern Comptometer methods, can save time and money in the handling of your figure work, telephone your local Comptometer office for a demonstration in your office, on your work . . . or write direct to Felt & Tarrant Mfg. Co., 1712 N. Paulina St., Chicago, Ill.



**COMPTOMETER**  
Reg. U. S. Pat. Off.



a take-over and it is possible that a Communications Board will be in existence before this reaches print. The industry hopes that Chairman Fly of the F.C.C. will not be at the head of such a joint board. He is liked, his ability in getting the kinks in the commission ironed out is approved, and he has about quadrupled the speed of its operations. To put the industry's position succinctly, it thinks his footwork is swell. End of compliment.

### An Exercise in Semantics

If this department understands the new science of semantics, it is the invention of a pretty name to cover a sour fact. If that is the case it then nominates Robert R. Nathan, chief of the National Income Division of the Department of Commerce, as Semantician in Excelsis. A loss, to Mr. Nathan—page 7 of the June Survey of *Current Business*—is a "negative saving."

"If income disbursed exceeds income produced the difference is termed negative savings."

It is still the fact, however, that, if you have positive savings, you can go to the bank and get them but if your savings are negative the sheriff's man gets you.

### Department Is in Confusion

MR. NATHAN finds that "the 'real' national income for 1939—that is, the dollar total adjusted for price changes—was at least equal to and probably above the previous record of 1929." He continues:

"Since the 1939 population was approximately 10,000,000 larger than in 1929, however, there is little doubt that the *per capita* real income in 1939 continued well below that of 1929. The dollar national income in 1939 was 16.3 percent below the 1929 total, but prices, as reflected in available price indexes, showed larger declines over the period. The cost of living of urban wage workers was 17.4 percent less than in 1929 and wholesale prices were down 19.1 percent."

Ten million more people, then, spent a lot less money on living in the 1939 period. They probably drew on their negative savings.

### To Make It a Little Clearer

IN the period ending in 1939 the Government contributed to the national income the considerable sum of \$9,884,000,000, "including work program wages." This was presumably all borrowed money which, by Mr. Nathan's own definition, must be rated as "negative savings" and not income at all.

In the 1929 period the same expenditures came to \$156,100,000 not much of which was borrowed, if any. Out of all this, Mr. Nathan concludes that the total national income in 1939 was \$69,378,000,000 and the "percentages of 1929" gave a national income of \$83,700,000,000, and this department takes to the woods.

### Leland Olds Offers Jaw

LELAND OLDS of the Federal Power Commission forgot the important fact that this is a democracy and works by votes shortly after Wendell Willkie had been nominated. Mr. Olds has long cherished the idea that, if the Government took over all the utilities he would be much happier. The President has mildly rebuffed that idea in recent months, but Olds seems not to have been discouraged and worked out a plan for a new organization of 800 to manage the utilities. It not only got nowhere but it went into reverse. Mr. Willkie could have pointed out the constant lowering of rates by the utilities, and drawn some pointed contrasts with businesses operated by the Government, and, as previously stated, this is a political year.

### Good Guess for the Day

ON Capitol Hill the opinion at the time of writing was that Congress will not recess this summer. The body feels that it is a calming influence when in session and that a draft on its calm may be needed at any time. Congress may get home by a system of leapfrog recesses, however. Another guess is that the Smith bill for the reformation of the N.L.R.B. will not become law at this session, and that the railroad unions may make a deal through which the transportation bill will be passed.

### Secrecy? Or Is It Just a Mess?

SO far as observers have been able to learn, the various commissions, committees, boards, and other whatnots called from industry to aid the Government in its defense plans have been efficient. The observers, however, have been unable to find out whether a complete, coordinated, comprehensive plan has been set up, or whether the industrialists are working away at pieces of a jigsaw puzzle that may or may not fit when an attempt is made to put them together. The only thing any one knows definitely is that more billions of dollars are being confidently promised.

### Common Sense Is Guiding Force

INDICATIONS are that a fair depreciation policy will be worked out by Knudsen and that Secretary Morgenthau—still trying to guard an emptying Treasury—will be forced to accept it. Allocations and preferences and labor policies are all being fixed up on a practical plan. No fear is being openly expressed of trouble with organized labor, but it is not much of a secret that, if the preparedness program is seriously interfered with, it will be too bad for the interferers. The underlying plan is that a permanent arms and munitions industry will be provided for through R.F.C. loans and government cooperation so that, in the future, we will not be caught short the way we were this year. We might even have something approaching the Skoda or Creusot or Krupp plants.

### Don't Believe This True Fact

PERHAPS the most completely incredible fact in this fantastic year is that Harry Hopkins has been the political straw boss of the New Deal recently, having supplanted Tommy Corcoran. Hopkins lives at the White House, invented the Knox and Stimson maneuver and other recent political devices, and has supported the spending policy successfully when other friends of the President's have urged that it be at least moderated. He has never been in politics, it is doubtful if he has an intimate on Capitol Hill, and the hand of every other eminent New Dealer is raised against him. Only explanation seems to be that the President likes him.

### Boys Are Not Warming Up

ARMY'S explanation of the practically total failure of the enlistment drive is that the young fellows do not believe we are in any danger of invasion. They have become what a chemist would call "tolerant" of wolf-scares. Some of them actually believe the Aubrey Williamsses who say that the country is sunk, that there never will be any more jobs, and that they are terribly to be pitied. Others have reacted differently to the same talk and sullenly insist that some one else do their work and carry their responsibility.

Army says the young fellows are basically all right. Army thinks it is the windy elders who have been wrong. Army thinks that some kind of a compulsory service





## As If By Magic...

... thousands of business offices are reducing costs and increasing profits by using a new method of office duplicating. This new method reproduces such a wide variety of subject matter with such economy and high quality that the results seem almost magical by comparison with what was formerly possible in office duplicating.

### LET US SEND YOU PROOF OF QUALITY

In the above illustration, notice the sharp, clean-cut lines and the variety of design and shading. *The original copy for this magazine reproduction was one of*

*a number of copies run off on a moderate-priced office duplicating machine.* Let us send you one of these duplicated copies of "Marco, the Wizard," for comparison. Just send the corner of this advertisement with your letterhead to the address below. With your copy, we will include specimens of business forms and promotional material and explain how they were produced. They will point the way to better results and substantial economies in your business.

ADDRESSOGRAPH-MULTIGRAPH CORPORATION  
1226 Babbitt Road, Cleveland, Ohio  
ADDRESSOGRAPH-MULTIGRAPH OF CANADA, LTD., TORONTO

*Multigraph \*\*\* Multigraph Duplicator \*\*\* Multilith*



plan will be necessary. A defensive force of 4,000,000 without the men would not defend very much.

### Pa Was Pushed Much Too Far

THE son of one Army officer has not had a job since he left college. Nothing was good enough for him. He is hell on the ukelele and held the distance record for the Lambeth Walk and his mother has stopped trying to get him out of bed in the morning. After Willkie's nomination the son said: "I'd never vote for him. He has no proper pride. Just think of it—he was once a short order cook."

The Army officer thinks Willkie is the greatest American since Lincoln. He does not yet know how he did it, but that day he enlisted his son in the Army.

### What If the Roads Struck?

THIS department mildly wonders what would happen if the railroads struck against the rulings of the National Railroad Adjustment Board? Just quit work. Pull the fires out of

the locos and lock up the railroad stations? Is it not possible that the public would then examine what the N.R.A.B. has been doing and how? Unless the evidence offered is faulty, the N.R.A.B. rulings have been accepted by the roads because they:

"Have yielded their rights rather than subject the public and themselves" to inconvenience.

Railroad employees have enforced the Board's rulings by threat of strike and shutdown rather than by the prescribed statutory proceedings. Seems to be another evidence that the Logan-Walter bill to make administrative agencies behave is badly needed. There is a one-to-ten chance that the bill will become law. It's up to the Senate.

### Silence Seems to Work O. K.

FEEBLE pipes are heard from time to time that the Defense Commission—Knudsen, Stettinius, Henderson, Budd and Hillman—are not as vocal as could be wished. Fact seems

to be that the members are working hard and are not ballyhooing. Available indications are that they are getting somewhere fast. We might, in fact, have a perfectly armed army of 750,000 men by August of 1941. This possibility is to be taken with great reserve, but it is a possibility.

### Coddling Seems Still in Favor

SOME of these hard working industrialists came up the hard way. They knew nothing of Youth Congresses when they were boys. They worked for their schooling. They do not like

—and they say quite frankly they do not like—the effort to combine kisses, lollypops, and choral singing with the job of getting ready for war if and when it comes. Their objection to the Burke-Wadsworth universal training bill is that the training may be for needle pointing instead of rifle pointing. They observe that over in Europe the nations that went in for social advances were trimmed by the toughies. Some of them get extremely harsh when they talk of the coddling that is preferred in Washington.

### Border Rules to Be Mended

PROMISES are made that in the future consideration will be shown to Canadian interests in handling the passport intricacies. It is the State Department's intention to keep out

of this country all undesirable aliens but it is hoped that no unnecessary inconvenience may be imposed on Canada or on touring Americans. On both sides of the border it is appreciated that the \$200,000,000 annually left in Canada by citizens of the United States just about pays the divi-

dends on their investment in Canadian stocks and bonds. Up to date it appears that the Department's intentions were good but that it had not thought out a plan.

### Return to the Older Plan

NOW and then this department likes to indulge in purely idle speculation. It discovered recently that the American Cargo War Risk Reinsurance Exchange had celebrated its first anniversary. It will be recalled that in the Preliminary World War, 1914-18, marine insurance rates ran up to 20 per cent and more of the cargo value. Trade was greatly hampered, prices skallyhooed out of sight, and movement was slowed. In the present war, the 100 members of the Exchange, by pooling risks and losses, have kept insurance costs down to about 7½ per cent, kept American ships on the seas, and held the rise in prices within reasonable bounds. It is privately financed and managed. Its members have not asked government aid. They are neither soft, greedy nor afraid. This department's query is: "Could government do as well?"

### Spenders and Payers Breach

THERE is a place here to note a coincidence. About the same time that the Senate refused to approve a cut in government expenses,

"There is more indefatigable sitting around in the Department of Agriculture than anywhere else in the world," one observer said.

The New Jersey Taxpayers Association asked a ten per cent cut in state costs. There are 175,000 state and local governments and if each sliced off ten per cent from its costs, the country might handle the defense bill with greater ease.

### Looks Plenty Totalitarian

THE late Senator Logan, co-author of the Logan-Walter bill to reduce administrative agencies to order, used to say that this is a country governed by laws and not by men.

"That's the plan, anyhow," he would add, ruefully.

The plan seems not to be working. The petroleum industry once got into a mess and Attorney General Jackson argued eloquently and effectively that no Cabinet officer (Ickes) and no government official could grant immunity from the antitrust laws. Under this court ruling, the Defense Commission is forced to believe that there should be an amendment to the antitrust laws to protect industries that are in good faith cooperating with it in the defense program. But Jackson has changed his mind and, presumably, the mind of the present Supreme Court:

"There is no need for an amendment," says he in effect. "I have plenty of authority to grant the immunity desired."

"Law, shucks," Senator Logan would say if he were still alive.

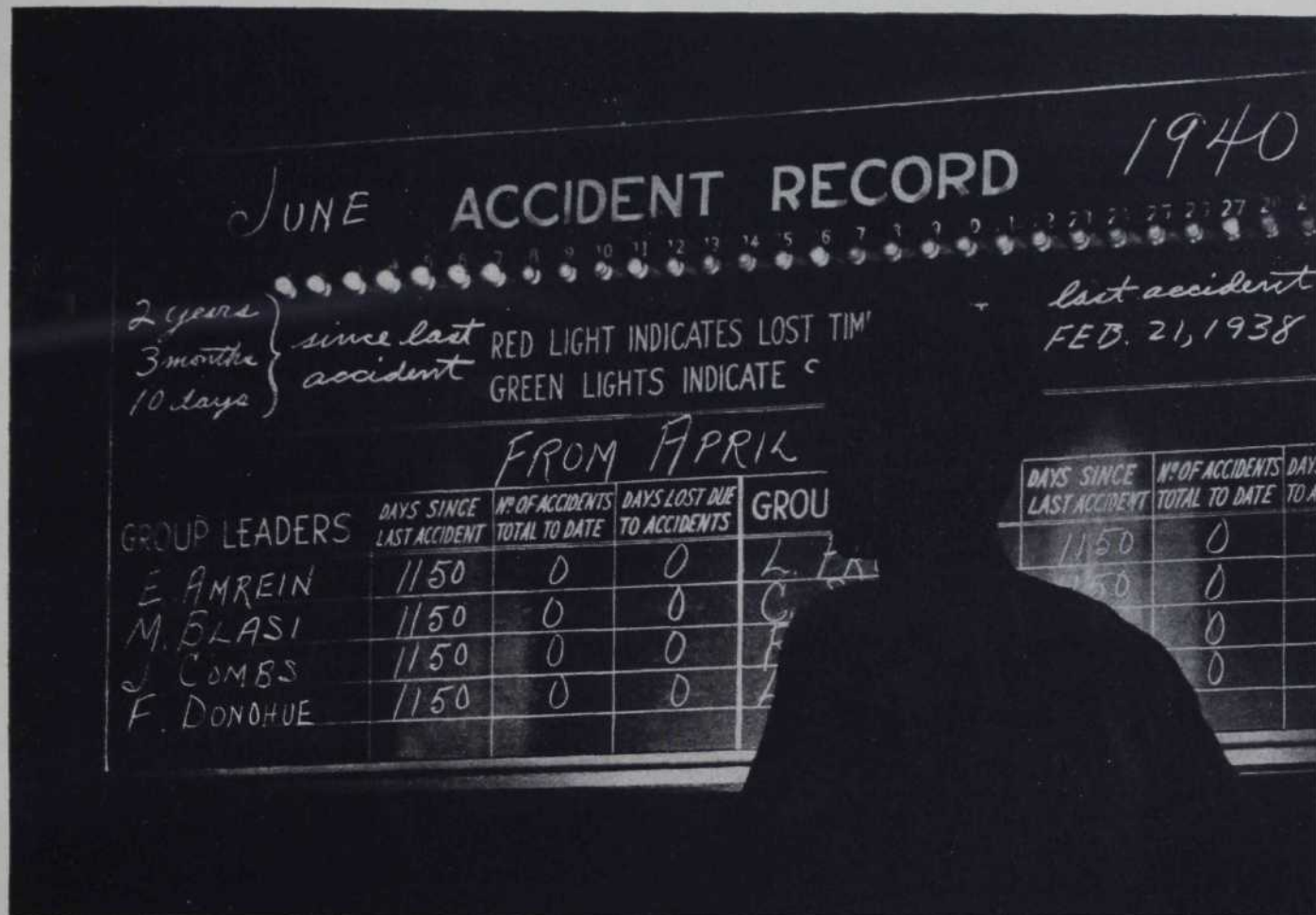
### Utopia Goes Under Hammer

FOUR million dollars of federal money and an unestimated number of millions of words were spent in creating a model community at Hightstown, N. J., in that golden age in which Doctor Tugwell and his associates were engaged in rebuilding America. Now it has gone under the hammer. Salvage practically nil. Almost no attention paid to its finish. Not even Dr. Tugwell sent flowers.

*Herbert Corey*



"Unforeseen events... need not change and shape the course of man's affairs"



## HOW MUCH IS A LIFE WORTH?

It has frequently been charged that business is callous, and grasping, and greedy... that it is devoid of human feeling.

The most sweeping refutation of that charge is the amazing record for *safety* which American business and industry have achieved. For nowhere in the world is the worker better protected against industrial hazards than in these United States of America.

For years, leaders of industry have cooperated with casualty companies such as The Maryland in furthering *safety*

*engineering*. Today, Maryland safety engineers cover industries everywhere... inspecting, recommending, and guarding against hazards to the employee.

As a result, the efficiency of industry is higher, the cost of insurance is *lower*... and employment for the wage-earner is more continuous. The Maryland is proud to have played a part in reducing the industrial accident toll of today to *less than half* what it was in 1917. Maryland Casualty Company, Baltimore.

## THE MARYLAND

The Maryland writes more than 60 forms of Casualty Insurance and Surety Bonds. Over 10,000 Maryland Casualty agents and brokers can help you obtain protection against unforeseen events in business, industry and the home.



# The Twilight of Liberty

(Continued from page 16)

liberty. The fundamental idea was one of the maximum of free individual self-assertion as the end of the social and legal order.

In the sixteenth century, the Spanish jurist-theologians had given us a philosophical theory of restraints upon individual free action. The twentieth century seems to be coming back to this mode of thought, rejecting the idea of rights, making light of liberty, treating rules of law not as devices to maintain rights but as threats of exercise of state force creating duties, and so thinking of restraint rather than of freedom.

Moreover, it is not a restraint upon the free action of each in order to promote the like free action of all. It is a restraint in order to promote the most efficient operation of a politically organized society either as an end in itself or as a means of advancing the interests of a class rising into power or as a means of bringing about satisfaction of material wants.

## The worship of power

MEN in all times have tended to worship power. In antiquity the ruler was deified. In more recent times he governed by divine right. Today democracy is taken to be an end, not a form of government, and the people are identified with a majority which thus becomes something like an object of worship in political and juristic thought. Where power is in a totalitarian state, the state is worshipped as an end in itself. Where it is in a majority, the sanctity of Demos deifies the majority.

Marx held, and some of his recent followers have developed the doctrine still further, that law would disappear in the society of the future. He considered that law resulted from the division of society into classes, and hence, when classes disappeared with the abolition of property, the need for law would come to an end and law, too, would cease to exist. Yet, as a recent juristic exponent of Marx tells us, the state as an organization of compulsion may go on long after law has disappeared. There is to be no law. But there will be one rule of law, namely, that there are no laws but only administrative orders for the particular case.

We may see this conception of administrative absolutism operating in America today. It justifies itself in the name of the general welfare. But so did Louis XIV when he imposed cruel exactions upon the peasantry in order to feed the refractory population of his capital.

And this idea that the common good is somehow assured by subjecting all individual property and activity and enterprise to the unchecked so-called discretion of *ex officio* experts is entertained and advocated today by self-styled realists who, in their attacks upon

law judicially administered, deny that there is any assured basis of juristic thought. Their general skepticism embraces a dogmatic acceptance of the idea of the general welfare as a maximum satisfaction of material wants, as absolutely as the last century identified it with a maximum of free individual self-assertion.

## The new view of rights

WE ARE told that there are no such things as rights. There are only social functions. What we call rights are only inferences from threats issued by politically organized society that the force of the political organization will be exerted in a certain way if certain things are done or certain other things are not done. It is argued that the law does not confer legal rights to secure interests which it recognizes and identifies with what is just. It makes threats, and rights are deduced therefrom after the event. Thus everything runs back to power, to a holding of each of us to his place in society as an economic machine.

All this is a negation of liberty. "Liberty," it is asserted, "is a function," for "today each person is considered as having a social function to fulfill and therefore is under a social duty to develop to the greatest possible extent his physical, intellectual and moral personality in order to perform his function most effectively."

If the social function of each of us was something determined at birth or objectively ascertained for us at majority by an all wise impartially acting governmental agency, one could say much for this view. But what Englishmen from the twelfth to the seventeenth century and Americans from the seventeenth century to the last generation objected to and sought to guard against by bills of rights is the assumption of such omniscience and omniscience in human rulers and subjection of the individual to their determinations except as those determinations are made within legal limits judicially ascertained and enforced on the basis of predetermined principles developed by a received legal technique.

Note how property is tied up with liberty in this theory of state enforcement of social functions. According to the civilians, property involves six rights: a right of possessing, a right in the strict sense; a right of excluding others, also a right in the strict sense; a right of disposition, what we should now call a legal power; a right of using, what we should now call a liberty; a right of enjoying the fruits and profits; and a right of destroying or injuring if one likes—the last also what today we should call liberties.

Thus at least half of the content of a right of property is liberty—freedom of applying as one likes, free of legal restraint. But, says Duguit, "property is

not a right; it is a social function. The owner, that is to say the possessor of wealth, by the fact of his possession, has a social function to perform." If he does not perform it, the state is to intervene and compel him to employ it "according to its nature."

What such ideas may mean in action is well illustrated in international relations. A small state, in the judgment of a powerful neighbor, is not performing its social function in its domain. In the absence of a supernational state, the powerful neighbor steps in to compel employment of the domain "according to its nature."

Certainly no one claims that the rights and powers and liberties involved in ownership should be unlimited. They have always been delimited by law and the number and extent of the limitations has been growing and doubtless ought to go on growing in the development of an urban, industrial society.

These limitations set up legal limits to the rights, powers, and liberties involved in ownership, to be developed by the received legal technique and applied in ordinary legal proceedings by the courts, subject to all the checks with which judicial action is restrained in the interest of individual rights. All this is very different from subjecting these powers and liberties to the discretion of an administrative official given authority to determine for himself what he conceives some not legally formulated policy requires or makes expedient for a case in hand.

## Public threats to property

UNDEFINED ideas of public policy and legally unfettered discretion are perennial threats to property, and hence public policy and discretion have been two things on which property lawyers have always looked with suspicion.

Discretion is used in two senses.

In the sense which it commonly bears in the law, it is a power of determination of questions to which no rule of law is applicable, which is left to the personal judgment of the tribunal, to be exercised according to settled principles. This is judicial discretion and is always reviewable to the extent of ascertaining that a real judgment has been exercised according to the governing principles and not arbitrary will or caprice.

In another sense it means a power of determination left wholly to the judge or official with no principles to guide its exercise and no review unless for fraud. The law has always sought to restrain this sort of discretion by subjecting it to judicial review to prevent abuse. When any agency for adjusting human relations or regulating human conduct seeks to be given a discretion freed from judicial scrutiny, we may well suspect it seeks a discretion of the second type.

To turn determination of questions in-





## Get This New Booklet on Security Incomes For Yourself and Your Employees

AS you know, the Social Security Act has been greatly broadened and changed. It is vital for every employer and employee to know the effects of these changes upon his interests.

This new booklet gives businessmen simple but precise information on the operation of the amended Social Security Act.

It equips you with the facts you need for answering questions of your employees, for preparing explanatory bulletins, or for conducting group meetings.

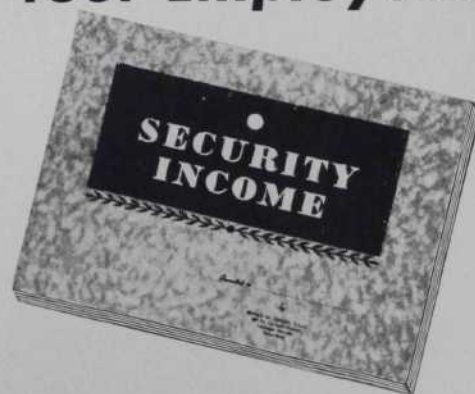
It makes clear not only what the

Act will do—but what it will *not* do.

Here you'll find concise facts on:

- ✓ Who will be protected
- ✓ When benefits will be paid
- ✓ How much they will be
- ✓ How they are figured
- ✓ How one becomes "fully insured"
- ✓ Differences between original and amended Act—complete with examples and charts of payment.

A copy may be had, gratis, upon request. The coupon is for your convenience.



**SOCIAL SECURITY.** How it operates. A helpful A-B-C book. Prepared by The Northwestern Mutual, providers of Security Incomes to hundreds of thousands of families and individuals for more than 80 years.

The Northwestern Mutual  
Life Insurance Company  
Milwaukee, Wis.

NH 8-40

With no obligation to me, please send me your free booklet, "Security Income."

Name.....

Address.....

City.....State.....

## THE NORTHWESTERN MUTUAL

Life Insurance Company, Milwaukee, Wisconsin



# The man who got a bonus for being wrong



A YOUNG RESEARCH chemist had spent three years trying to develop a new product for his company. But after nineteen difficult experiments, he still hadn't found the right formula. A little disheartened, he brought his reports to the president.

"You consider your work a failure?" his chief asked him. "On the contrary—you deserve a bonus. You've eliminated nineteen methods that *won't* work. That means we're just nineteen steps closer to the one way that *will* . . ."

It took a lot of wrong starts, a lot of eliminating, to develop such things as television and transoceanic air service . . . new plastics, plywoods and polarized glass . . . synthetic stockings, sulfanilamide and streamline trains.

And if there is a single attitude that sums up the whole character of American industry, perhaps this is it . . . this patient teamwork between the men of science and management to produce better products that more people can enjoy.





But do enough people *understand* that attitude?

At no time in the past ten years has the public been more open-minded toward Business than it is now. People in every walk of life are in the mood to hear what Business has to say about itself, and what Business means to their standard of living.

This is the job of public-relations advertising . . . to re-awaken the public's faith in the American system of free enterprise . . . to show people how *they* profit, even more

than industry itself, from industry's tremendous investment in research.

And the companies that are telling this story in the national magazines are reaping a twofold dividend—not only in goodwill, but in *sales*.

**THE CURTIS PUBLISHING COMPANY**

THE SATURDAY EVENING POST

LADIES' HOME JOURNAL

COUNTRY GENTLEMAN



# A Report to the People of the UNITED STATES



IT IS OUR DUTY to report to the people of the United States that the Bituminous Coal Industry is prepared to answer promptly any demands you may make upon it for the defense of the nation.

The Nation has indicated its determination to prepare itself for any eventuality. Back of the beating hammers and turning machines which must fashion the airplanes, the ships, the tanks, tractors and the weapons for each and all of them, stand the power plants which provide the energy for the machinery, light and heat for the workers.

Light every fire in every existing power and industrial plant and the Bituminous Coal Industry will provide the fuel for those fires.

Step up the productivity of the power and industrial plants necessary for the swift rearmament of the nation and cars of bituminous coal will be at their doors as soon as needed. Transportation facilities are available for prompt service. Any defense program must depend largely on power and transportation. These industries are preparing to meet unusual demands.

Increase the transportation load upon American railways ten-fold and bituminous coal will be ready to flame in the heart of every needed locomotive.

The Bituminous Coal Industry

has spent millions of dollars keeping intact bituminous coal mines that were opened to aid the nation in the emergencies of the World War of 1914-1918.

During the dark years of the depression, the Bituminous Coal Industry spent millions of dollars in modernizing its mines and preparation plants so that bituminous coal can be produced more swiftly.

Those mines with their modern equipment and the patriotism of over 500,000 miners, who stand ready to man them, assure a flexibility of bituminous coal production that can pour out greater tonnages of the universal fuel at the rate and in the amount that America may demand.

Thanks to the improvements in preparing and using fuels developed by the industry, the industries of the nation can get more energy from every pound of bituminous coal they use. Fuel engineering services, sponsored by bituminous coal producers, are ready to help businessmen plan additional power facilities of greatest economy and highest efficiency.

We are, therefore, able to report to the people of the United States on behalf of the Bituminous Coal Industry that "We are prepared for every acceleration of productive activity for the defense of the nation."

volving limitations of rights or regulation of their exercise over to administrative agencies to be made on legally undefined ideas of public policy, free from the checks involved in the judicial process, runs counter to the whole course of legal development in the English-speaking world. Yet it is much urged in political and juristic thinking of today.

As yet the ideas of disappearance of law and administrative absolutism have not much affected the law of property as administered in the courts. The law of property is chiefly in the form of rules. There are principles and conceptions. But standards, which involve a large measure of discretion, belong to another field of the law. Perhaps for that reason administrative regulation of the liberties involved in ownership is likely to be advocated in carrying out schemes of making over the social order.

The common law doctrine of supremacy of the law which treats public officer and private individual as equal before the law, holding each to keep within the bounds of the law and of reason in what he does that affects the interest of others, is the basic guarantee of liberty and property.

In recent juristic thinking on the Continent we are taught that public law is in necessary opposition to and has primacy over private law; that public law is a subordinating law, putting a higher value on the official and on what he does than on the individual and his interests.

## Administrative law

IN THIS way of thinking, whatever is done officially is law. Hence, whatever is done administratively has a superior value as law in and of itself. Likewise as administrative action, called law, is a subordinating law, it puts a higher value on some groups and classes and their claims than on others according, so we are told, to measures of its own.

A public law of this sort is understandable if we accept the doctrine of a necessary class war of which law is an inevitable product—a product that will cease to be in the propertyless society in which there will be no more classes. But it is curious that those who with one breath argue for a sovereign principle of social interdependence should in the next breath argue for class war and a law avowedly administered and to be administered in the interest of the politically stronger class.

In the past, juristic thinking has been grounded on philosophy which has furnished both a directing or creative and stabilizing and organizing method. Today the fashionable philosophies behind the fashionable juristic thinking are give-it-up philosophies which disclaim the possibility of directing or creating or stabilizing. They are relativist or phenomenalist or realist or all three.

To the relativist there is an irreducible contradiction between justice, the ideal relation between men, and security. When we seek through law to achieve the one we lose the other. Value judgments are purely personal and subjective. None of them can be proved except in the system of the particular thinker, and his system cannot be proved even to

BURN BITUMINOUS COAL OR COKE

*the Universal Low Cost Fuel*



NATIONAL COAL ASSOCIATION  
HEADQUARTERS:  
804 Southern Bldg., Washington, D. C.  
WESTERN OFFICES:  
307 N. Michigan Ave., Chicago, Ill.  
THE NATION-WIDE ORGANIZATION  
OF BITUMINOUS COAL PRODUCERS



himself. Hence every one is entitled to his own and no one can say his is better than another's.

To the phenomenalist, phenomena must be accepted as the facts we are to accept and not vainly criticise. The items of behavior of officials are behavior phenomena justified by their own phenomenality.

To the realist the significant thing is power—the power of officials to make and execute threats to employ the force of politically organized society. It is illusion and superstition to believe we can restrain exercise of that power. Exercise of it will be governed, in spite of formulas and so-called principles, by the self-interest of the dominant class, of which judges and administrative officials are but mouthpieces. Or, if we look at psychological realism, we learn that it is psychologically impossible for a human being to exercise a power of determination objectively and impartially. What he decides is the result of his individual temperament and prejudices and environment.

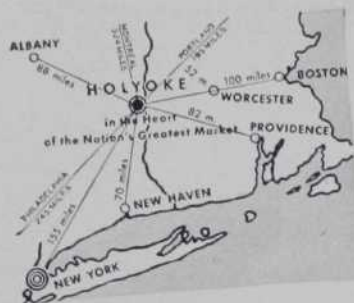
In contrast, the philosophy of the formative era of American institutions was creative. Men believed they could do great things and so they were able to do them. They believed that a people politically organized as a democracy could bind themselves to respect life, liberty, and property and could covenant that those who wielded power for the time being should do so reasonably under God and the law. That idea, on which our polity was founded, is under attack from many sides. Some say it is psychologically impossible. Some say it is logically impossible since the very idea of government negates it. Some say it is a mere product of a class organized society and must disappear. Some say it never was more than a pious illusion—that law never was more, and in its nature is nothing more, than whatever is done officially.

### The regulation of power

BUT the whole history of civilization refutes this philosophy of give up. At least half of civilization, and the half without which the other half could not have been achieved, is the conquest of internal or human nature, the subjection of internal nature to the exigencies of social life. If, in the course of this conquest, men have developed or set up political power and agencies of exercising it, they have also developed or set up legal institutions for making the exercise of that power uniform and systematic and predictable.

Liberty and property, so the most advanced of recent realists tell us, are products of law which is a product of class domination. I submit that liberty, property, and law are products of civilization and that it has proved possible to hold down by law all domination, sacerdotal, military, political, or economic, by legal institutions. The English-speaking peoples have stood with the Romans as the builders of law for the world. The Romans gave us administrative organization and method. The English gave us judicial organization and method. With these two in balance, liberty and property are secure.

## LOW COST SPACE FOR EXPANDING INDUSTRIES



*ALL or ANY PART of  
1,000,000 square feet  
at less than 2 cents  
A Foot per Month  
or outright purchase  
of all or any units  
can be made*



**T**O industrial corporations seeking additional plant space, we offer an attractive location in Holyoke, Massachusetts, in the center of the great New England industrial district (see map). Unusually attractive arrangements can be made for rental or sale for all or any part of this property.

The properties now available consist of 27 separate buildings, ranging from one to five stories, together with a power plant. They are available in individual units which range from 10,000 to 300,000 square feet.

Holyoke enjoys an extremely low hydro-electric power rate, one of the lowest water rates in the entire country, and the lowest fire insurance rate of any city in New England. 38% of the country's total population is located within a 500-mile radius. An ample supply of high-grade, skilled labor is available in a territory that has been notably free from labor strife. Industries in Massachusetts enjoy the lowest taxes in the United States. Taxes in Holyoke have just been reduced.

The buildings are unusually well constructed, AIR CONDITIONED, with plenty of daylight, and elevator service. The plant is served directly by the New Haven and Boston & Maine Railroads, which provide overnight freight service to New York, Boston, Philadelphia and Baltimore. Trucking and highway facilities are excellent.

The plant offers manufacturers engaged in almost any type of business a rare opportunity to combine low, over-all manufacturing or warehousing costs with proximity to principal eastern markets.

Arrangements to inspect the property can be made by mail or telephone, either through our office in New York or our office in Holyoke.

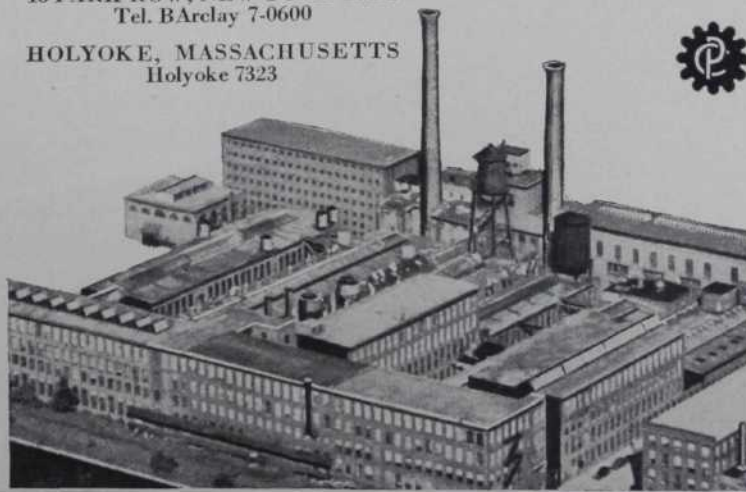
**BROKERS WILL BE PROTECTED**

### CONSOLIDATED PRODUCTS CO. INC.

15 PARK ROW, NEW YORK CITY  
Tel. BArcley 7-0600

HOLYOKE, MASSACHUSETTS  
Holyoke 7323

*A complimentary  
copy of a booklet  
describing the property  
available will be sent  
upon request.*





# The Map of the Nation's Business

By FRANK GREENE

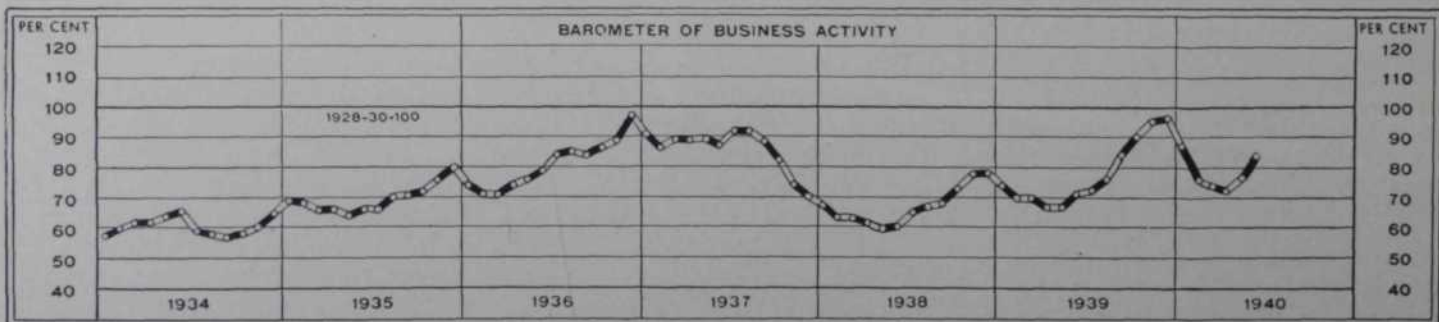


THE NATIONAL defense program had a decidedly stimulating effect on domestic business in June. Heavy inventory accumulations in anticipation of the impact of armament purchases on plant capacity was a large factor in industrial expansion. Steel production reached 88 per cent of capacity. Stock market prices registered slight gains over the month, despite early weakness.

Automobile field inventories declined as sales increased unexpectedly. Railroad equipment buying was active and carloadings reached the year's highest levels. Electricity output held its gains over a year ago. Industrial building pushed engineering awards 18 per cent above last year.

Commodity price movements were mixed, due to war developments, while vanishing export markets caused a slump in grains. Copper buying was heavy and Government purchasing raised textile production, especially in woollens. Increased industrial pay rolls were reflected in better wholesale and retail buying, despite complaints of too much rain from many sources.

Enlarged pay rolls and active distributive trade, despite rainy weather, are reflected in a slightly lighter Map this month



A sharp rise in industrial activity in June, following the mild upturn in May, erased about half of the drop recorded in the first four months of this year



*Count the Readers per dollar  
instead of Lines per dollar*  
**... THEN YOU'LL GO ROTO, TOO!**



**THE ROTO SECTION ATTRACTS 81% OF THE WOMEN**



**ROTO PICTURES LIKE THESE ATTRACT 80% MEN READERS**

## **Roto Gets Readership Second Only to Page One Because There's Something for Everybody in Roto Sections**

**M**ORE READERS of your advertising obviously should result in more sales of your product or service. To make sure your advertising is exposed to the maximum number of potential reader-customers—go roto! For again and again, year after year, efficiency tests conducted under the

well-known Gallup method show rotogravure picture sections to be second only to page one in newspaper reader traffic.\*

Used full force in all 63 Sunday Rotogravure Sections, roto delivers a nationwide coverage that includes better than 50% of the nation's

homes. Yet so flexible is this medium that you can conduct localized campaigns in a single city or zone. In addition, because it gets more readers per dollar, rotogravure is the economical buy.

For more information, write Kimberly-Clark Corporation, 8 South Michigan Avenue, Chicago. We maintain a research, service and statistical department for the benefit of advertisers and publishers. There is no charge for our service.

\*Based on a continuous analysis of how 21 different papers in 17 key cities are read.

*Kleerfect Rotoplate Hyfect*

**THE NATIONALLY-ACCEPTED ROTOGRAVURE PAPERS**

Manufactured by

**KIMBERLY-CLARK CORPORATION**

Established 1872 — Neenah, Wisconsin

New York, 122 E. 42nd Street

Los Angeles, 510 W. Sixth Street

Chicago, 8 S. Michigan Avenue

### **Proof of the Power of ROTO**

Write Kimberly-Clark for free book on rotogravure advertising. It presents the findings of Gallup Method surveys, and other valuable information for advertisers and publishers.

GALLUP Method  
proves effectiveness  
of  
**ROTO**



# GET MORE FOR YOUR MONEY WITH ROTOGRAVURE

More Attractive Printing  
Means More Readers —  
More Readers  
Mean More Sales —

*Use Roto!*



THE NEXT TIME you produce a brochure, circular or catalog, give it the magnetic appeal of rotogravure—the appeal that attracts millions of readers to newspaper rotogravure sections each week—including yourself! And remember, rotogravure does far more than attract readers. In glowing full color or rich monotone, the “feel” and distinctive appearance of rotogravure creates a quality atmosphere which the reader automatically associates with the product advertised.

Take command of this medium that commands respect. Use it to give extra punch to that message you want consumers to “get” concerning the quality of your product.

If you need help in preparing material for rotogravure, call in a Kimberly-Clark rotogravure man. There is no charge for our cooperation which is available to you at each of our offices. If you prefer, write for advice and samples of these famous rotogravure papers:

*Kleerfect*

*Rotoplate*

*Hyfect*

Remember, paper plays a vitally important part in the effectiveness of rotogravure—choose it carefully! Compare the nationally-accepted rotogravure papers made by Kimberly-Clark Corporation, listed above. They come in wanted weights and sizes to suit your requirements, to meet your budget.

## Kimberly-Clark Corporation

Established 1872 — Neenah, Wisconsin

New York  
122 East 42nd Street

Los Angeles  
510 West Sixth Street

Chicago  
8 South Michigan Avenue



# MAN TO MAN in the MONEY MARKETS

By CLIFFORD B. REEVES

## Economic Effects of the Defense

AMERICAN business seems certain to benefit, at least for the medium term future, as a result of government expenditures for national defense. Orders to be placed within the next 12 months may total close to \$5,000,000,000. Because the bulk of this sum will be raised through deficit financing rather than through taxes, the result will be an enormous addition to purchasing power and the national income in the next year.

The first to benefit will be the heavy goods industries that will receive direct orders for the fabrication of defense materials. Employment and pay rolls in industries of that type are expected to increase substantially. Then the increase in purchasing power thus created should begin to benefit the consumer goods industries that have no direct connection with the defense program. Every business, no matter how remotely related to the Government's program, seems destined ultimately to feel the impetus.

Whether these developments will be translated into increased corporation earnings and higher security prices, however, is subject to some doubt, for two reasons:

First, the Government's plans for price control may tend to take the profit out of the increased business volume.

Second, even if additional profits do materialize, excess profits taxes that will probably be imposed may prevent such earnings from being reflected in increased dividend returns on securities.

Although the defense program should benefit business over the next several years, its long-range effect will probably be unfavorable. Expenditures for armament are non-productive expenditures. As more and more of a country's income is spent for such purposes, less is available for personal expenditures on the comforts of life. This trend becomes evident when taxes must finally be in-

creased sharply to help pay for and maintain armaments. It has always been true that countries which undertake extremely heavy armament programs suffer, in the long run, a steady deterioration in their standards of living.

## Financial Tangles Created by War

RECENT war developments in Europe have given rise to knotty problems in connection with the final disposition of the billions of dollars worth of gold, cash, securities and other property held in this country by European individuals and Governments.

In recent years, the United States has been a refuge for European capital. Nothing is so easily frightened as money. Consequently, when troubles started in Europe, more and more foreign capital, fleeing blitzkrieg and confiscation, poured into America for safekeeping. This country became a giant safe-deposit vault in which much of the wealth of Europe was stored. Such wealth is held here in the form of gold for government account, gold for private account, bank balances, securities, real estate and other forms of property.

The danger now is that Germany may demand the surrender of all such wealth now held here for the governments or citizens of conquered nations. There is plenty of precedent for such a demand. After the last war, the victorious Allies confiscated all German investments in neutral countries.

All foreign wealth now held here is under the guardianship of the United States Treasury Department. If Germany demands it be turned over, and the Treasury refuses, the Nazis will certainly regard this refusal as a highly unneutral and warlike act. Furthermore, Germany, in retaliation, may confiscate the billions of investments and property owned by American citizens and American corporations in all countries dominated by the Nazis.

Present indications are that the U. S. Treasury will refuse any such request by Germany. To do otherwise would place in the hands of the Nazis many billions of dollar exchange that could be used to finance Fifth Column activities in both North and South America, and would greatly strengthen Germany's hand in any future attempt to undermine the trade position of the United States in the Western Hemisphere. The Treasury has already ruled that holdings of the citizens and governments of conquered nations cannot be transferred without permission, and it is understood that this permission is refused if there is reason to believe that the property in question seems destined to be confiscated by German authorities.

## That Deficit Is Still with Us

"DEFICIT DAY" has come again, and bids fair to become a regular annual date on our calendar, unless it is finally replaced by Bankruptcy Day. Deficit Day is June 30, the day on which the federal Government officially reports its deficit for the preceding fiscal year.

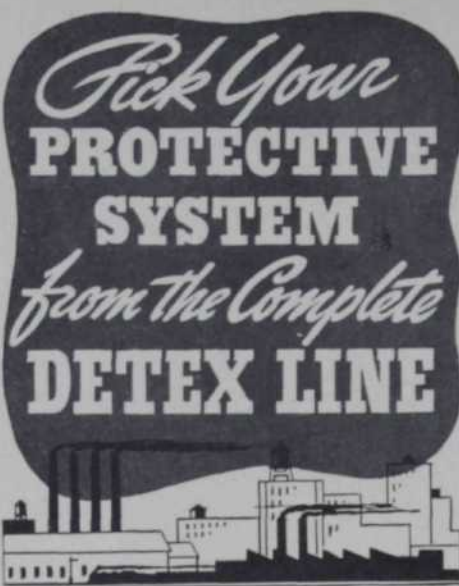
For the fiscal year ended June 30, 1940, the Government reports, its deficit was \$3,612,000,000, which was slightly greater than in the preceding year and the largest deficit for any year under the New Deal except 1936. As a consequence, the federal debt on June 30 stood at a record high of \$42,967,000,000, exclusive of \$5,532,000,000 of "contingent liabilities" representing chiefly bonds of federal agencies guaranteed by the Government.

The federal debt, as a result of continuous deficits, has increased \$20,428,000,000 since 1933.

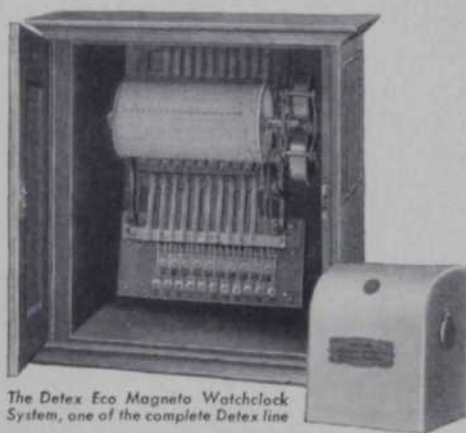
The deficit for the past year was not caused by any failure of tax revenues to materialize. Tax receipts, in fact, were more than \$200,000,000 more than the original budget estimate, reaching a total of \$5,925,000,000, which was the largest income the Government has had in any year under the New Deal except in 1938. The trouble was that the cost of running the federal Government rose to a new high of \$9,537,000,000. In the fiscal year just closed, the federal Government spent more money than in any year in the country's history except in the war years of 1918 and 1919.

In spite of the exceedingly low money rates currently prevailing, interest payments on the Government's debt of approximately \$43,000,000,000 are getting to be a serious item in the cost of Government and a drain on tax income. Interest payments on the federal debt in the fiscal year 1940 totalled \$1,041,000,000 and consumed





No two plants are alike—no two watchmen's supervisory problems the same—yet the complete Detex line has a system exactly suited to the needs of every plant.



The Detex Eco Magneto Watchclock System, one of the complete Detex line

IN THE larger plant where intricate processes or the importance of uninterrupted production depends on a constant, close supervision of watchmen, the Eco Magneto Watchclock System is ideal.

With this system, each watchman's call at every station registers instantly on a central recorder showing that every man has faithfully made his round—no stations can be skipped without detection. A record of 72 hours' duration may be made without opening the recorder or changing the dial.

Where an annunciator system is included, the position of every watchman may be observed from a central station as he makes his rounds. It is even possible to communicate with watchmen by means of a telephone system if this is desired.

Regardless of the size of your plant—regardless of its location—there is a supervisory system in the complete Detex line exactly suited to your needs. Write today for complete information.

**DETEX WATCHCLOCK CORPORATION**  
80 Varick St., N.Y. 4153 Ravenswood Ave., Chicago, Ill.  
29 Beach St., Boston. 116 Marietta St., Atlanta. Em. 800

NB-8-40

# DETEX

**WATCHMEN'S CLOCKS**

NEWMAN • ECO • ALERT • PATROL

more than 17 per cent of the total tax income.

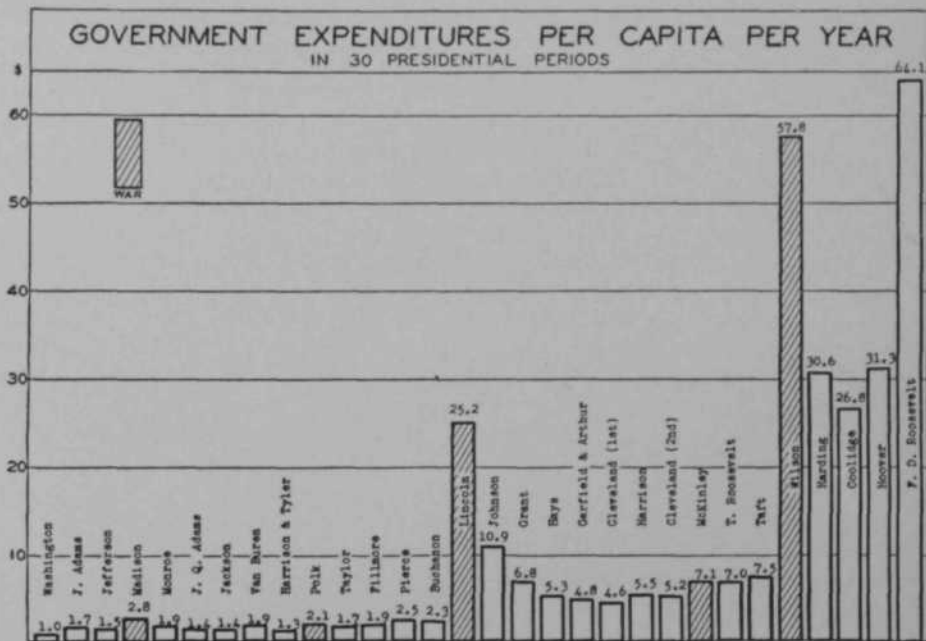
## Changes in the Securities Acts

FOR some unknown reason, investment bankers are suddenly being treated like human beings again in Washington. Maybe the war emergency is responsible for the shift in attitude. Or maybe the public information campaign of the Investment Bankers Association is affecting Washington opinion. Perhaps the success of the investment trust people in killing the original version of the Wagner-Lea bill has had something to do with it. Or maybe the politicians sense a sudden shift in the winds of public opinion and are trimming sail accordingly. Whatever the

reasons, the fact is that the investment banking fraternity is at last receiving a fair hearing for its recommendations as to changes in the Securities Act, and revision of that Act now seems in definite prospect.

Bankers have been complaining for years about the needlessly restrictive provisions of the Securities Act of 1933 and the Securities and Exchange Act of 1934, claiming that both those Acts were stifling business recovery. But the S.E.C. until recently seemed deaf to all such complaints. The greatest grievance of the bankers was the 20 day waiting period required under the law before securities could be offered after their registration. This "paralysis period," they said, made it virtually impossible for them to float new issues in these fast-chang-

## America's fever chart:



TWO FACTS stand out in this chart from the *Business Bulletin* of the Cleveland Trust Co.

First, there has been an irregular rise in federal government costs for 150 years, from one dollar a head per year in Washington's administration to the astounding figure of \$64.10 in the Roosevelt administration.

Second, expenses always have risen sharply in the war periods and then dropped with the restoration of peace. The one exception is the present administration, highest of all and more than twice as high as its predecessor—but in a time of peace for the nation. (And no account has been taken of the additional billions appropriated in recent weeks.)

Of course, the depression is alleged as

the reason. But the lowest previous economic cycles were, as everybody knows, in 1837, 1857, 1873 and 1893. And what do we find on the chart? In Van Buren's administration (1837) the cost rose only 50 cents a head over Jackson's; Buchanan's administration (1857) saw a slight decrease; Grant's administration (1873) cost the people less than its predecessor and only slightly more than its successor; and Cleveland's second four years (1893) were slightly less expensive than the preceding period.

The only conclusion possible is that an entirely new factor has been injected. The sphere of Government in peace time has suddenly been more than doubled. It is no longer the same form of government that we have known.



# Is she old enough to drive?

*Mother says*, "She really has no need to drive—can't she wait a year or so?"

*Father says*, "She handles a car like a veteran—that girl's a born driver!"

But is Mary, or Frances, or Betty—that daughter of yours—is she old enough to drive?

Her forehead is deadly on the tennis court. She can cut out a dress, bake a fine cake, and the boys think she's grand.

But does she know that most cars weigh more than a ton, why there's red in traffic lights, and that one hand on the wheel and another on a powder puff aren't enough hands either place?

Legal driving statutes take the attitude it is lawful for girls of a certain age to drive automobiles—as they do for boys.

But the law won't make time pass any faster those times you wait for the crunch of driveway gravel to tell you "Daughter's back with the car!"

\* \* \*

You have talked of many things to daughters—and to sons.



Some sink in; some don't.

Some are easy to say—and easier for them to disregard.

Some they take with a grain of salt; some they absorb.

On the matter of a daughter's driving, perhaps a third party may help to impress upon her mind the responsibility she is asking for.

We have tried to put such thoughts in the manner a young girl will appreciate and understand. We have called them—

*For a Girl to Read Who Thinks She is Old Enough to Drive*

\* \* \*

DEAR DAD AND MOTHER:

I am about to ask you for permission to start using our car. Don't say I'm too young—other girls, even younger than I, drive cars.

I don't want to drive the car just to be smart; I really need it to be with my friends, and to go where my activities take me.

Here is my own personal driving code—  
To keep on the right side of the road, and the right side of every speed limit.

To keep my eyes on the road, my hands on the wheel, my mind on the job.

To remember there are other people using the same roads I use, with just as much right

to those roads as I have.

To look upon an automobile under control as a service to man; and out of control, an instrument of man's destruction.

I will try to drive well and thoughtfully. I can't promise never to dent a fender nor lock a bumper—accidents can happen—but I prom-

ise to try to avoid even them.

That is the way I feel about driving our car.  
—YOUR DAUGHTER

\* \* \*

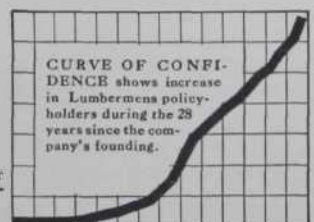
When a girl has such an attitude, we believe she is probably old enough to drive.

## WHY DOES LUMBERMENS PUBLISH THE ABOVE MESSAGE?

In other words, why don't we write our advertising about low-cost-with-safety automobile insurance? Or steady growth, starting in 1912, to the biggest single name in automobile insurance? Or about prompt settlement of claims? Or any other important feature of Lumbermens Automobile Casualty insurance? The answer is a simple one. Our business is a service to motorists. We feel this includes far more than paying a claim after an accident happens; helping accidents not to happen is fully as important.

You need or will need automobile insurance soon. When that time comes we suggest you call the Lumbermens agent in your vicinity. He knows cars—insurance—and advantages to you of our new policies.

*James S. Kemper*  
PRESIDENT



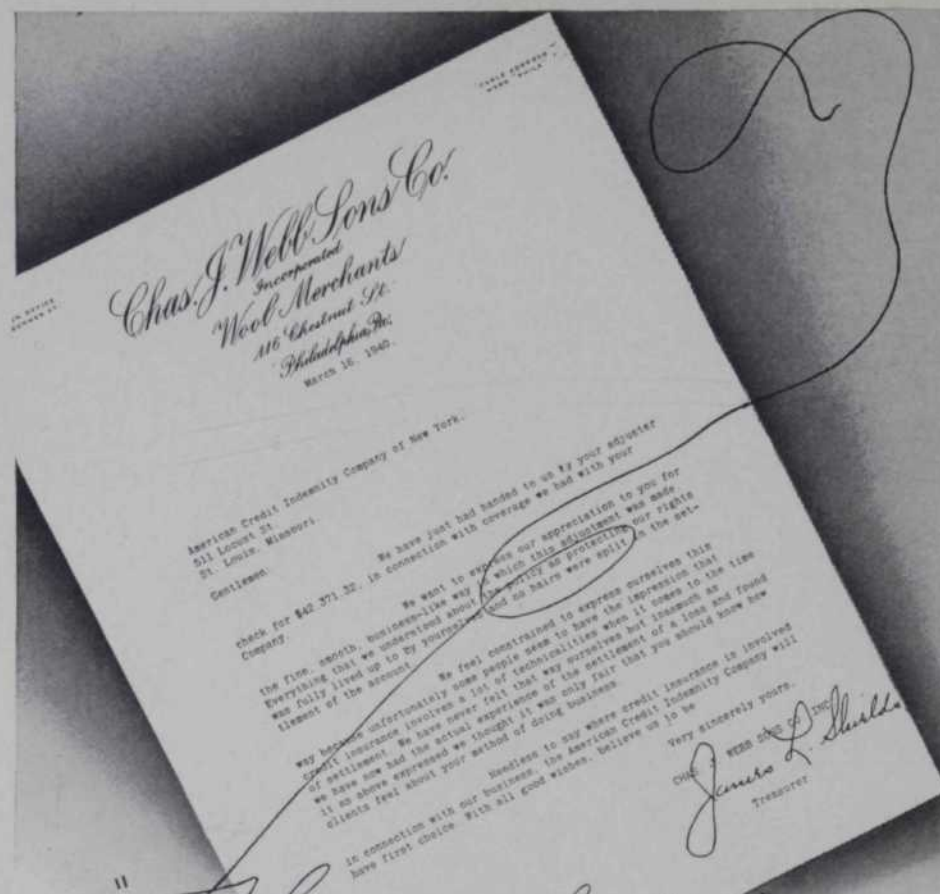
# Lumbermens

## MUTUAL CASUALTY COMPANY

JAMES S. KEMPER, President Home Office: Mutual Insurance Bldg., Chicago  
Operating in New York State as (American) Lumbermens Mutual Casualty Company of Illinois







## No "Hair Splitting" in Settling \$42,371.32 Loss

In considering Credit Insurance, any Executive is deeply concerned in knowing just what he may expect when or if claims are filed. The answer is clearly stated in the above letter from a policyholder recently reimbursed on a \$42,371.32 loss.

Any "American Credit" policyholder has only to prove his claim, and adjustment is made exactly as set forth in the policy, with no "hair splitting"—no technicalities—with the rights of the policyholder fully protected.

### American Credit Insurance

deserves the earnest consideration of thoughtful executives in these days of worldwide disturbance. American Credit Insurance enables Manufacturers and Jobbers to sell safely with no undue tightening of credit; it provides a substantial reserve for losses, simply and economically; it improves relations between the sales and credit departments. And "Insured Receivables" certainly carry weight when you seek banking accommodations.

Ten basic policy forms are available, offering general or specific coverage with or without delinquent debtor service. In all these modern policies, Chandler Act reorganizations have the same status as insolvencies. Investigate "American"—the oldest Credit Insurance Co. in the country, with a 49-year record of "no default on a single established claim."

## AMERICAN CREDIT INDEMNITY CO. OF NEW YORK

J. F. McFadden, President • First National Bank Building, Baltimore

Copyright 1940, American Credit Indemnity Co., of N.Y. Y14

OFFICES IN ALL PRINCIPAL CITIES OF UNITED STATES AND CANADA

ing times, because no one could possibly judge market conditions 20 days in advance.

The war emergency in recent months lent great weight to the bankers' arguments. For several weeks after the invasion of Holland, new security registrations were non-existent. Several issues already in registration were postponed. Meanwhile, in sharp contrast to the procedure required of corporations, Secretary Morgenthau delayed his decision on government financing until the night before the offering. Under the circumstances, that was the only way financing could be accomplished. But corporations and private bankers had no such privilege.

The Investment Bankers Association, the National Association of Security Dealers and the New York Stock Exchange were all pressing for immediate revision of the laws, and finally two bills were introduced in Congress calling for major amendments in the Securities Act. The House Interstate Commerce Committee thereupon set a date for hearings on these bills.

At this juncture, Jerome Frank, Chairman of the S.E.C., requested that the hearings be postponed until January, 1941, to give the Commission time for "painstaking study of the merits of the proposals." And, although Mr. Frank did not mention it, this also would give the Commission an opportunity to see how the election turns out in November. This postponement, Mr. Frank said, would also make it possible for the S.E.C. to confer with representatives of the investment business so as to get their views before reporting to the House committee.

The bankers, however, insisted on immediate revision of the 20 day waiting period. That one change at least, they said, was needed now to facilitate defense financing during the balance of the current year. If they could have prompt action on that one point, they indicated, they would be willing to have the Committee hearings on the pending bills postponed until January.

The S.E.C. was amenable to this arrangement. So the Committee hearings were postponed, and representatives of the investment banking industry went into conference with the Commissioners to draft a substitute for the present 20 day requirement. It is probable that this will take the form of a flexible period, which will be made as short, in the case of each individual registration, as the S.E.C. deems feasible. As this is written, the S.E.C. is expected to send to Congress shortly its recommendation on this point, and urge the immediate passage of the necessary amendment.



The S.E.C. understands that this temporary compromise will not prevent banking interests from pressing for further amendments at the next session of Congress.

### Banks Discover Small Borrowers

A nation-wide survey recently completed by the National Bureau of Economic Research indicates the extent to which the country's banks have developed the "mass market" for small loans. The study reports that more than 1,500 banks now have separate personal loan departments that serve more than 1,000,000 individual borrowers. Eighty per cent of these departments were established since 1932. Personal loans of this type held by these banks at the close of 1938 totalled \$500,000,000, and such loans were increasing at a greater rate than any other type of earning assets.

Most of the borrowers who hold this \$500,000,000 of loans would have been afraid to walk into a bank and ask for credit ten years ago. Wage earners and clerks represent 72 per cent of the clientele, and the average borrower has an annual income of something between \$1,000 and \$1,500 a year. The loss experience has been excellent. Reports from 209 banks, covering 1938, indicated that charge-offs that year were equivalent to only 37/100ths of one per cent of the amount of loans outstanding. The banks have learned that a wage earner of good character who wants to pay his debts may be a better credit risk than a \$1,000,000 corporation that resorts to the bankruptcy courts to slough off its debts when it gets into difficulty.

### A Doctor For Sick Cities

(Continued from page 29)

age warehouses on vacant land nearby. Richmond hummed with renewed industry.

When it was all over, Hetz counted up the results to find that he had earned more profit than if he had dismantled the plant and sold it for junk. The locomotive company fared better and the feeling of antagonism that accompanied most plant-wrecking jobs was missing in Richmond.

This success launched him in the new phase of his work.

Once New Eagle was a thriving little western Pennsylvania town of about 1,200 with two thriving industrial plants, the LeMoyné Steel Company and the American Window Glass Company. Then it met reverses. Both plants were abandoned, and finally the steel plant was dismantled. Families—those which did not

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Smooth as oil. One fan-like wheel drives another, by forcing a current of oil against it, fast or slow, as governed by engine speed.

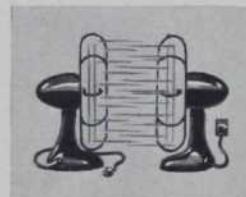
Don't wait for tomorrow. See your Chrysler dealer and enjoy tomorrow's biggest thrill *today!*

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Air from a running fan will set an idle fan in motion, as a breeze turns a windmill. That's the principle of *Fluid Drive*.



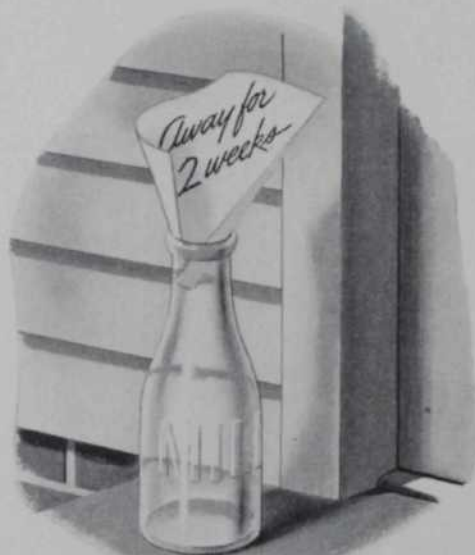
SMOOTH AS OIL!

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own homes—moved away; store fronts were boarded up; many homes were vacant and some fell into disrepair. Tax income fell off until the town was in a bad way.

The final blow came when the big glass plant was turned over to Hetz for dismantling. New Eagle was in a fair way to become a ghost town.

But Hetz had other ideas. Instead of dismantling the plant, he subdivided it into three plants. One of these he quickly sold to the Plastic Cement Company, a wall board manufacturer which found good quarters, a good labor supply, nearby markets, a reasonable tax policy, and a strong feeling of cooperation in the desperate little town. Another part went to the Lundy Coat Hanger Company, maker of wire products. The third part went to the Associated Box Company, which provides boxes for the Carnegie-Illinois Steel Corporation's Irvin Works nearby.

Now New Eagle is again enjoying prosperity, its workmen are moving back to town, its stores are prospering and it is eagerly looking for new industries.

At Niles, Ohio, the Atlas China Company's big pottery plant was idle for about 15 years. The former pottery workers learned new trades or moved out of town, and the building became an eye-sore as the plant's backers sought desperately but with no success for a new pottery company to occupy it. Finally they turned it over to Hetz.

## Reviving old plants

BUT Hetz saw in it some possibilities. He dismantled the old-fashioned plant, shoring up the bases of the brick kilns with timbers, then burning the timbers so that they collapsed the right way. He saved the plant's huge warehouse, renovated it and sold it to the Allied Metal Company which was hampered by lack of space. It expanded rapidly, hiring more help and bringing back some prosperity to the town.

At Connersville, Ind., he took over the old McFarland automobile factory, selling a reconditioned half to an enameling company, and the rest to a local stamping mill. At Greenville, Pa., he took over the old Hodge Manufacturing Company plant, a machine shop and a gray-iron foundry, sold the machine shop to a small machine concern and the rest of the plant to the Polk-a-Dot Chemical Company.

Recently he acquired a huge abandoned plant at Anderson, Ind., from the Certainteed Company and is subdividing it into six smaller plants. At Ionia, Mich., the Hayes Body Company building is being subdivided for fruit and vegetable growers.

There are dozens of others.

As for these greedy, soulless big corporations, Hetz has found some of them neither so greedy nor so soulless.

Instead of merely pulling up stakes and selling their abandoned plants for junk, these corporations, feeling they owe an obligation to the communities they are leaving, are doing everything possible to attract new industries to these communities.

Some of them have even given Hetz valuable concessions in their contracts to



induce him to help in locating new industries—even at substantial losses to themselves. And United States Steel Corporation, as a general policy, seeks to locate new employers in all its abandoned plants, wherever possible.

Working with chamber of commerce new industries committees of hundreds of cities and towns on problems of industrial expansion has convinced Hetz that most communities are shortsighted, illogical and niggardly in their efforts to attract, hold or help industries. He says:

The factors that influence a company's choice of a location can be divided into two classifications. The first includes such factors as presence or nearness to natural resources, transportation facilities, geographical advantages.

The second covers such items as the community's attitude toward industry, the prevailing type of available workers, the latitude given professional labor leaders, tax rates and assessment policies.

A town probably can't control the factors in the first group. But it definitely can control those in the second. More often than not, the controllable factors will outweigh the uncontrollable ones in influencing an industry's decision to locate in a given community.

In recent years with the rapidly changing industrial picture, more than one community has awakened to find its industries gone. Only after industries are taxed out of existence or have exhausted their natural resources or have been forced by competitive conditions to move to more advantageous locations do the citizens become sufficiently aroused to notice the situation.

As a typical example of the lack of co-operation and disinterest, he cites this case:

Not long ago he got a contract to dismantle or sell an abandoned plant in a small mid-western city. Virtually the whole town turned out to weep on his shoulders about the loss to wage earners, loss of employment, loss of taxes, loss to stores and banks.

Spurred on by this demonstration, Hetz used extra effort to locate a business to replace the old company and at last found a company which employed about 75 highly-skilled and highly-paid workmen. But a rival town made a strong bid for the company.

### Lacked local cooperation

HETZ, waiving the few thousand dollars he could make by dismantling the plant and selling the materials, offered the plant at cost. Even that wasn't enough. The rival town made a better bid. Hetz needed about \$1,000 to clinch the deal.

He explained the situation to a local group—the same ones who had wept so copiously about the town's loss.

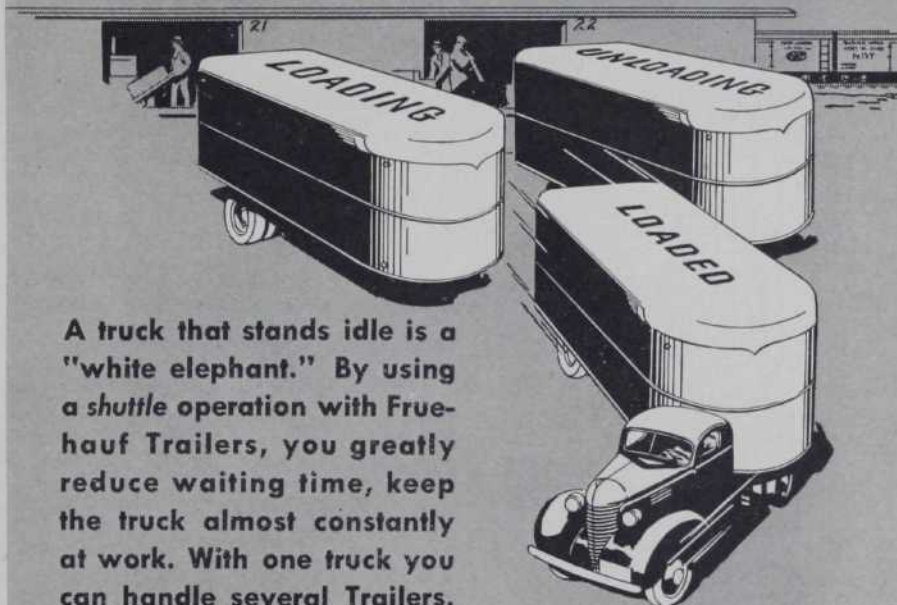
"We'd like mightily to have that concern. . . ."

"Well," proposed Hetz, "here's how we can work it. I'll forget about my profits on the deal if you men will make up the \$1,000 needed to clinch the deal."

"Why," they demanded tartly, "should we give you \$1,000? Why don't you do it?"

Hetz explained patiently all over again that he was a stranger in town, that it would be no personal benefit to him whether the company accepted this

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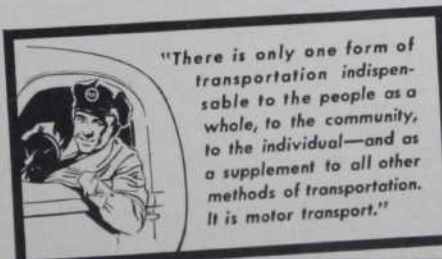
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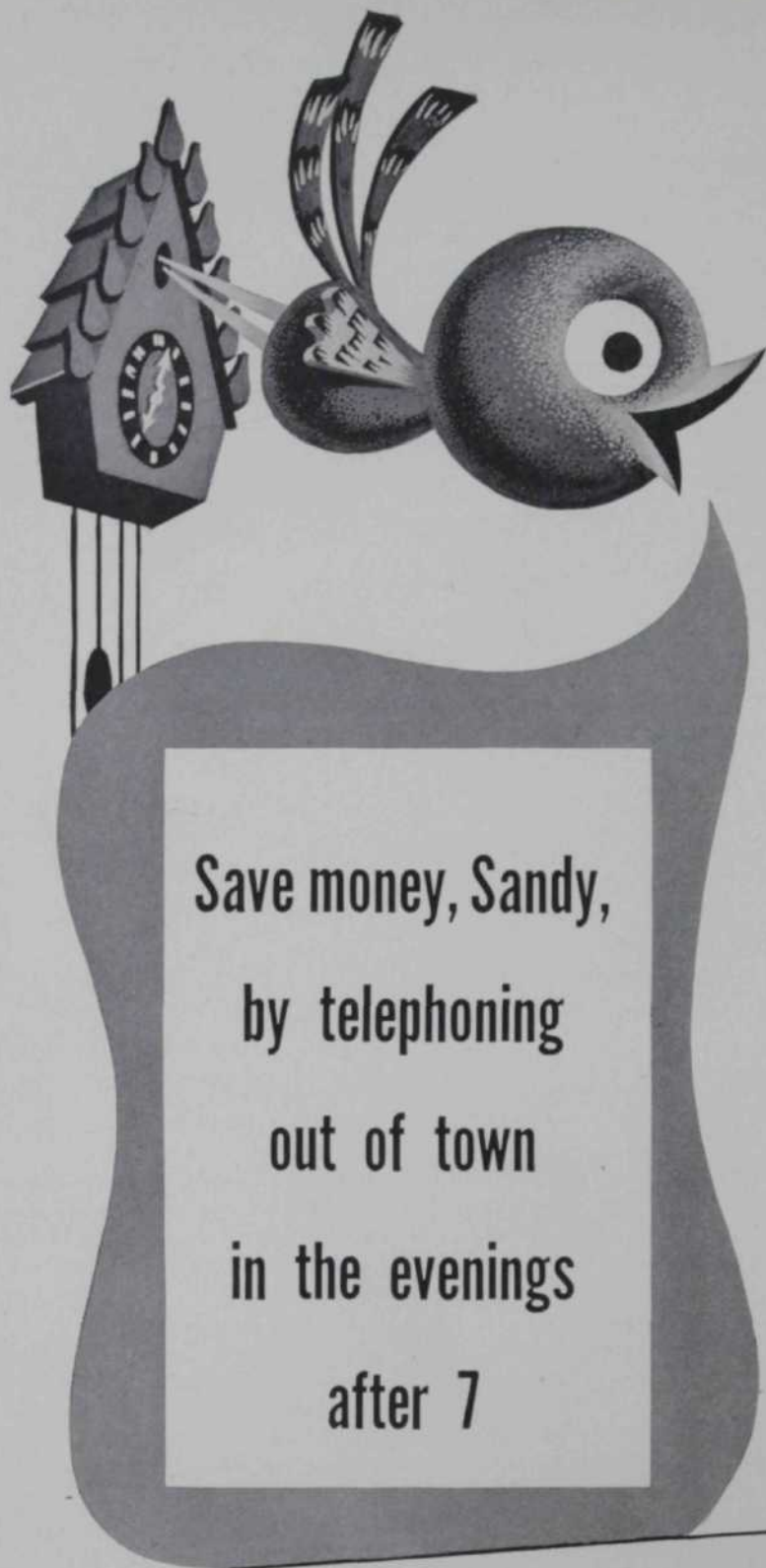
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by telephoning  
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• The 3-minute, station-to-station rates below are typical of the bargains in happiness you can buy in the evenings or on Sunday. . . . Some one, somewhere, would like to hear your voice.

Detroit to Cleveland.....	\$ .35	Chicago to Omaha.....	\$ .85
New Haven to Atlantic City	.45	Topeka to Denver.....	.95
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town's offer or the rival town's offer—but that the local merchants and residents would benefit by increased employment, more business for the stores, and less taxes.

"No," they replied primly, "we won't contribute a nickel."

So Hetz dismantled the plant, pocketed his profit and left town—while the merchants grumbled unhappily about the ragged state of business.

Many cities and towns, eager for expansion, are too busy chasing rainbows to see the real opportunities before them—the little fellows who need a bit of encouragement, maybe a little financial help. Instead of offering encouragement and aid to the little fellows, the industries committees—and Hetz has had dealings with about 500 of them—are tumbling over each other trying to attract big industries, offering concessions in taxes, free building sites and what not.

"Ten little companies hiring 50 men each," observes Hetz sagely, "offer as much employment as one big company hiring 500 men; they're ten times as easy to get and they give more employment in the end because they may grow up to be big companies."

"All the big companies were little companies once, and the chances are that some of the little ones will become big ones some day—big companies employing thousands of persons. But the local committees want to do up things spectacularly; they want headlines in the newspapers to prove they're on the job."

Here's a typical experience:

#### Small companies are helpful

HETZ was recently given the job of disposing of an abandoned United States Steel Corporation plant in a small Ohio town. The corporation, mindful of its obligation to the town, provided in its contract that Hetz must make a reasonable effort to get new industries to occupy the plant, a series of fine, well built and well preserved structures.

Hetz looked over the ground, found that the plant, with some alterations, would be fine for a group of small manufacturing companies, then interested some half a dozen little companies hiring 25 or more men each.

But local business men would have none of it.

"No!" they said firmly, "we don't want to bother with a bunch of baby companies; we want you to find one big concern to take over the whole plant, one that will hire as many workers as the previous company."

Hetz' protests were of no avail. The local men not only wouldn't cooperate, they even queered Hetz' deals. Finally, in desperation, he told them:

"You take over the job of finding your big industry, I'm through."

The town formed a group to buy out his interest, and Hetz hurriedly left town, while the townsmen sought their one big industry, one employing 400 or 500 workmen.

A few months later, the chairman of the group, chastened and apologetic, sought out Hetz.

"We're licked," he acknowledged. "Come back and finish up the job for us."



So Hetz returned to the town, subdivided the plant and began moving in about six little, thriving industries which are doing well, thank you.

As a bit of advice to new industry-conscious towns, Hetz offers this plan:

Build up a substantial fund with contributions from merchants, bankers, manufacturers, home owners, wage earners, then use the money to build some good factory buildings. They must be low-roofed, to make them easy and cheap to heat; they must have plenty of glass to provide good light and air and thus good working conditions; they must have plenty of driveways and rail sidings.

### Encourage small industry

THEN hunt up a townsman with practical ideas of a product he wants to manufacture or an outsider with good ideas. Rent him a part of a plant, maybe lend him a little money on easy terms to buy machinery and meet the payroll. But don't give him free rent or free factory space—make him pay for it at the rate of one per cent a month. He doesn't want charity, he wants a helping hand. At the end of eight or nine years, he has paid in rent the cost of the plant and you ought to give him a deed for it.

And if he goes broke before that—well, you've done your share and he has paid his rent . . . and someone else will be waiting for the plant space.

As to the time-honored method of attracting industries by handing them sizeable grants of money. . . .

Recently a large company decided to locate an important branch plant in a certain Ohio city. A delegation from a rival town called upon the company president, seeking to induce him to move to its town instead.

"No," said the executive, "we've definitely decided on Blanktown. It fits our needs exactly. We've made up our minds definitely."

But Blanktown's citizens had not heard of this visit, nor of the company's definite decision. They heard only that this company was seeking a location, and being alert and aggressive, sent a representative to see the company president.

"We'd like you to consider our city. . . ." began the representative.

"Hmmm! I don't know. . . ." interposed the executive.

" . . . and," continued the town's representative, "we're prepared to help you along a little with the expense of moving. Now say we offer you \$25,000. . . ."

"Hmmm! I don't know. . . ." said the executive, giving it grave thought.

"Or perhaps we could make it \$35,000. . . ." proposed the representative.

The executive looked not too interested.

" . . . I guess we can even raise \$50,000 to get your plant, seeing that it will add a lot to our town."

"We'll take it," accepted the executive.

Blanktown got the plant, a thriving industry employing several hundred workmen, and all is well. The joker is, though, that the town's people, smug and contented, probably do not know yet that they definitely would have got the plant, \$50,000 or no.

All this gives you an idea of why Russell R. Hetz likes to be called the "industrial physician and surgeon."

Aye, an' dinna  
for-r-get the same  
low r-rates apply  
all day  
Sunday!



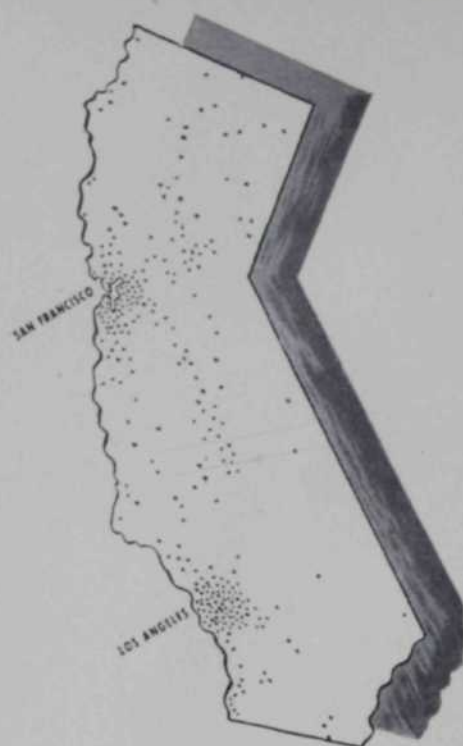
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RESOURCES . . . \$1,676,641,093.85  
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## Japan Plays for Higher Stakes

(Continued from page 25)

this true, because our South and Central American partners in the Cartel, if it develops, will be forced to insist on doing business with Japan, for the same compelling reasons that operate on and with us.

When the present war ends, Japan will be in control of the eastern seas and the rubber and tin that all the world needs, and she will do business on her own terms.

These statements are based on known facts and permissible inferences.

When Minister at Large Sotomatsu Kato, fresh from his examination of the South and Central American grounds, passed through Washington I asked for an interview with him. It was granted on the promise that there should be no direct quotation except as dictated and O.K.'d by him. His quoted statement follows. I was left free to write whatever else I pleased, with no suggestion or attempted control by him. It should be clearly understood that I am not attempting to pin any of the foregoing statements, deductions, or prophecies on Mr. Kato. If there is any flaw in them time will disclose it. For the present I stand on the presumption that Japan will control the rubber and tin and the other indispensables and that nothing can be done about it.

### A Japanese view

MR. KATO'S dictated statement, couched in the most irreproachable diplomatic verbiage, is the fitting finish to this article. It follows:

"Japanese would welcome a favorable change of attitude toward the Far East on the part of Americans, and I believe that such a change would be of value to the Pacific area, benefiting not only the Japanese but the American and also the Chinese peoples.

"The Japanese people do not like war. They long for peace. They do not want conflict with any other people. They want to live in established amity with not only the American but also the Chinese people, as well as with others. They know the suffering and the deprivations of war. They want as soon as possible to bring their conflict in China to an end. A change of attitude on the American side would be an important step. In my opinion it would change moods in both China and Japan for the better.

"The American attitude has done much to keep the conflict in China alive. American encouragement to China has been an important factor with the Kuomintang party of that country. Many of the leaders of this national party have been educated in the United States. The Sung family, all educated in American universities, is the outstanding example. One daughter married Dr. Sun Yat-Sen, the great revolutionary leader who, in the last years of his life, associated his country with Soviet Russia. Another daughter is the

wife of Gen. Chiang Kai-Shek. A third is the wife of H. H. Kung, the Finance Minister of General Chiang's government. And T. V. Sung, a Harvard graduate, is a prominent Chinese financier long associated with the Kuomintang regime.

### Chinese explanations

"WITH these men and women as leaders, the thousands of Chinese alumni of American institutions of learning have been utilizing their knowledge of English and their talents for years in what we Japanese regard as a false presentation of the Far Eastern situation to the American people. They have not only appealed to American sentiment in behalf of their so-called republic, but have encouraged Americans to distrust the Japanese. In appealing for sympathy, the Chinese are exceedingly adroit and winning.

"The picture they have presented, however, is hardly a fair one. China was not the progressive young republic they pictured and Japan was hardly the unscrupulous military empire determined upon conquest. When the present conflict started three years ago, there were many factors qualifying the attainments and the promises of the Republic and a number of reasons for Japanese action.

"Since the Manchu dynasty was overthrown in 1912, China had been in turmoil, war lord fighting war lord for the control of one or more provinces or for attainment of supreme control of the country. Millions of Chinese lives had been sacrificed in the 25 years of contest for power, most of these millions dying of starvation resulting from the exactions of the Chinese armies. The culminating event was the sensational capture in December, 1936, of Gen. Chiang Kai-Shek himself and his retention as prisoner of Marshal Chang Hsueh-liang until he agreed to cease fighting the Chinese Communist armies and unite forces in opposition to Japan.

"A nation composed of scores of military dictatorships can hardly be called a republic. The term implied at best a promise of fulfillment at a future time. And that time was distant, because a people who are more than 95 per cent illiterate and whose average earnings are approximately ten cents a day have a long way to go before attaining the necessary capacity for parliamentary government. China was an association of military dictatorships.

"It has been made to appear to many Americans that Japanese action in the case of Manchuria in 1931 and China in 1937 was entirely selfish. That self-interest motivated Japanese action is not denied. Self-interest is generally the impelling factor that causes any country to take action in international affairs. But the United States has not always sought its own interest in waging war or making peace. In the case of the Philippine Islands, for example, your country has performed a model service



in behalf of the people, and at the conclusion of the First World War it accepted no acquisition of territory.

"Japan has also something to her credit in the things she has done for the benefit of others. Formosa has been transformed from a savage, lawless land to one in which the inhabitants may live in peace and reap the profits of their labors in security. Korea has been given an administration better than its people had experienced for centuries under their own rulers. And Manchuria, although the new government is only eight years old, is a place of law and order where formerly a bandit administration plundered the people.

"It has been said that Japan took Manchuria from China. That is not an accurate statement. In the first place, no Chinese ever ruled Manchuria except the self-styled Marshal Chang Tso-lin, and his son and heir, the 'Young Marshal' Chang Hsueh-liang—the man who made General Chiang a prisoner in 1936. Chang Tso-lin started his career as a bandit. This is literally a fact, as is the case with a number of the Chinese war lords. By plundering communities he rose rapidly to power, finally controlling an army of outlaws strong enough to enable him to usurp control of the territory. As could be expected, his oppression of the people was severe.

### Changes in Manchuria

"THE old Chang was an almost illiterate man. His son, however, had the advantage of education by tutors, Chinese and foreign. He speaks some English. It might have been expected a man of modern education would give a better administration to his people when he fell heir to authority. But instead, conditions went from bad to worse. To fill his personal coffers, every metal coin was taken from the people, copper as well as silver, until even currency worth but a cent or two was only a bit of printed paper. The result was a disaster for the hard working population.

"You know, of course, how Japanese came to be lodged in Manchuria. The Manchu dynasty, hard pressed by the Russia of the Tsars in the '90's, had granted them controlling rights in the territory, a large Russian army had entered and a naval base was established at Port Arthur. This menaced the security of Japan and the Russo-Japanese war of 1904-05 resulted. The Russians were defeated and a portion of the Russian rights were assumed by the Japanese.

"Manchuria was at that time sparsely inhabited. Chinese were not permitted to enter, the Manchu rulers of China reserving the region as a special domain for their people only. Many of the Chinese who entered without permits were outlaws who found banditry safer if not more profitable to practise there. It was not until Japanese entered and began to develop the country that the restrictions were raised and the Chinese began to migrate in large numbers.

"They came because of the overcrowded conditions south of the Great Wall and because of the opportunities the many Japanese enterprises offered them for

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making a living. Hundreds of thousands came annually, until today the population is about equal per square mile to that of the United States—about 35 as compared with 350 in the crowded provinces of China. And they are still coming by the hundreds of thousands.

"Had the Chinese administration been wise and efficient, there would have been no reason for Japanese interference. There was room in the vast territory for both Chinese and Japanese. But when Soviet influence affected the Chinese army and its leaders began to oppose Japanese enterprises and threaten to drive the Japanese out, our army took action which resulted in the driving of the 'Young Marshal's' forces back into China and the establishment of a new government with the former Manchu Emperor at its head. He was the natural inheritor of the reestablished dynasty.

### Modernizing program

"THIS is the condition now: In place of the different paper currencies of varying and badly impaired values, there is one only, with sufficient silver support to keep it stable. Banditry has been almost entirely suppressed. The people no longer live in dread of mounted raiders. The railway mileage has been trebled. Thousands of miles of roads for motor vehicles have been constructed and thousands of trucks and busses are now in operation, connecting towns and villages and feeding the railway lines from farms and mines. American trade with Manchuria was never large but it is now more than double what it was less than ten years ago.

"The great menace to the Far East from the Japanese point of view has been from Russia. For her own security, Japan could not permit China, her colossal nearby neighbor, to come under foreign domination. Yet both the Russia of the Tsars and that of the Soviets tried to obtain a dominant role in Chinese affairs. In 1925, by arrangement with Moscow, Dr. Sun Yat-sen obtained money and arms from Russia, and hundreds of propagandists, agitators and military instructors entered China.

"By 1927 two Russian agents, Michael Borodin and General Galen (known also as Bleucher), with extensive staffs, directed the affairs of what was called the Revolutionary Chinese Government. Although General Chiang Kai-shek turned against the Russian agents in that year and drove them out of the country, a considerable Chinese Communist army is still in being and, since General Chiang's capture four years ago, he has ceased to combat this army and is co-operating with it in opposition to Japan.

"As in the case of Manchuria, so it was with China. If the administrations had been able to preserve order and had not opposed the Japanese there would have been no reason for the present conflicts. Had they been able to suppress Communism and opposition to Japanese enterprise both Japanese and Chinese would have profited and prosperous trade between the two countries would have had a stabilizing effect.

"What the Japanese sought and still seek is markets for their products and

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sources of raw materials and China should be a large market and a considerable source. The people would be glad to sell their raw materials and willing to buy manufactured articles, but boycotts were deliberately fostered by Chinese politicians affected by Comintern propaganda and, I am sorry to say, by many American-educated Chinese. There has been a mutual encouragement between Americans and Chinese in opposition to Japan.

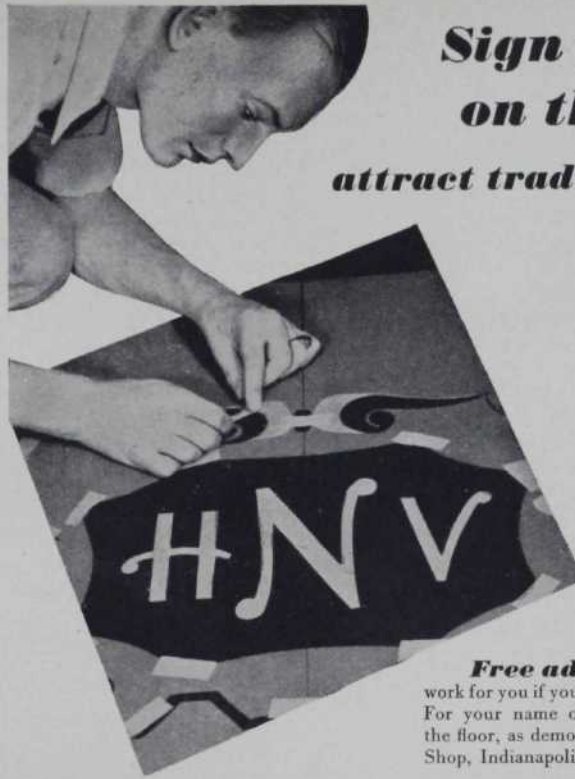
### An industrialized people

"THE problems of Japan have been simple. With a population of 70,000,000 crowded on a group of islands no larger than California and less arable, our people turned of necessity to industrial enterprises. By this means they tried to solve the problems of subsistence and prosper sufficiently to create the defenses they felt their geographical situation required. But when they became an industrialized people trade barriers were raised against their products in many countries. Others seemed to be glad to sell but reluctant to buy from Japanese, and no two countries can get along that way. There must be a willingness to give as well as to take, to let live as well as to live. Prosperity cannot be for one nation and not for others or serious discontent will result. Without an endowment of territory or resources the Japanese sought to solve their vital problems by skilled labor, but met with much opposition in the markets of the world.

"The United States is the greatest source of supplying Japan with raw materials. For a number of years Japanese purchased annually tens of millions of dollars more from the United States than the United States bought from Japan. We have bought more of your cotton in a single year than England, France and Germany combined. We have bought more American products than South America or than the rest of Asia. We are your greatest customer on the Pacific and the greatest in the world, except the British Empire. We buy American oil, lumber and iron in large quantities and practically all motor vehicles used in Japan and Manchuria are of American make. These are our principal purchases, but we also take even foodstuffs, even some fish and some rice, our staple articles of diet.

"In turn, the United States has been our greatest market, taking, before the present conflict in China, about 40 per cent of our foreign exports. You buy practically our whole export of silk, but this has been greatly reduced since the development of rayon and to some extent as a result of your unofficial boycott. Our second greatest market has been China. It should be our greatest because of its enormous population and proximity to Japan. But, due to the distress of its people, they have not a high purchasing power and this has been further reduced by the political opposition to Japan.

"We are eager to prevent the spread of the European war to the Far East, and in consequence have taken diplomatic action similar to that which the United States has taken in regard to the

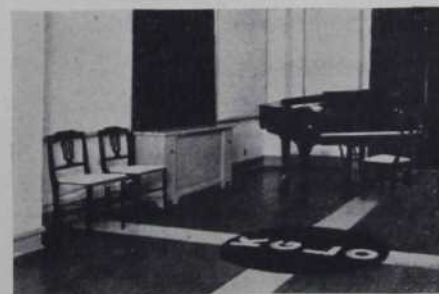


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British, French and Dutch possessions in the Western Hemisphere. Your Government has notified Germany and Italy that it will not approve the transfer of possessions in the Americas from one European nation to another. Our Government has given similar notification with regard to European possessions in Eastern Asia.

"Now we face a further curtailment of markets as a result of the war in Europe. Our former trade with the continent of Europe is almost entirely cut off and British purchases are largely restricted to war materials which we do not supply.

"With regard to China, politically we are in much the same position as the British Isles in regard to Europe; a continent in chaos is a menace to each. The British increase their armaments when Europe is at war and suffer when their trade with continental powers is impaired. Japan similarly arms and similarly suffers as a result of Chinese

conditions. We are eager to conclude the conflict in China as quickly as possible. We want to get upon a permanently stable and secure basis. Our government has repeatedly disclaimed any intention to annex any part of China. What we desire is an efficient and orderly government there that will enable the Chinese people to buy and sell with us to the benefit of both peoples, and one that will cease inviting and accepting assistance from Soviet Russia or any other power in opposition to Japan.

### Peace and prosperity

"THE New Order we want established in Eastern Asia is one of peace, prosperity and security. Peace and prosperity could not fail to benefit the United States.

"It is peaceful and progressing people that have purchasing power. The trade of the United States with China has never been large in spite of the size

of the population. In normal times China buys only about \$40,000,000 of goods a year from the United States. If Japan's present action results in improving the condition of the Chinese people their progress cannot fail to improve their power to buy American as well as Japanese goods.

"Our people regret very much that the United States sees fit to keep the bulk of its Navy in the Pacific Ocean. They can see no need for this, as it would be the height of folly for us to challenge the security of any American possession. Many of them feel that the permanent presence of the U. S. Navy in the Pacific is a challenge to their activity on their side of the ocean. The transfer of the fleet to the Atlantic for at least a period of time or the division of it could not fail to have a salutary effect upon our public opinion.

"Another valuable effect would be the renewal of treaty relations. Since the termination of the treaty of 1911 our trade relations have continued as formerly. The United States has applied no restrictions to customary intercourse and Japan has applied none. I hope and believe there will be no change in this policy. But it would be more satisfactory if treaty relations were reestablished. It would reduce anxieties and irritations.

"Because of the further limitations of our overseas trade resulting from the European war and because we have had many inquiries from South American business houses seeking commodities from us which Germany formerly supplied, my Government recently sent me to Rio de Janeiro to confer with the Japanese ministers accredited to the South American republics. We met there early in June. Our trade with Latin America was never large but we hope to increase somewhat. One difficulty is the fact that Japanese use little of what South American countries produce. Our people are not great meat eaters and drink very little coffee. The matter of exchange, therefore, is a serious problem.

"After the conference in Rio I came on to Washington, where the Japanese ministers in Central American countries and Canada came to confer with our embassy staff in that city. The purpose was to see how our trade with North American countries could be improved. We hope this can be accomplished. I am taking reports and recommendations back to Japan."

*This announcement appears as a matter of record only and is under no circumstances to be construed as an offering of these securities for sale or as a solicitation of an offer to buy any of such securities. The offering is made only by the offering prospectus, dated July 17, 1940; the offering prospectus does not constitute an offer by any underwriter to sell these securities in any state to any person to whom it is unlawful for such underwriter to make such offer in such state.*

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July 18, 1940

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**Lazard Frères & Co.**

**Coffin & Burr**

**Stone & Webster and Blodget**

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Incorporated

**Hayden, Miller and Company**

## All America Trade Corporation

*(Continued from page 25)*

The President has indicated that it is not intended to bring into this country any competing items. However, even though these products would not be brought into our markets, any international export control in these trades would obviously have a profound effect upon our internal prices, and stocks.

In connection with this phase of the project, a program of outright destruction of surpluses seems to be contem-



plated. The only escape from this would be some plan for restricted importations of competitive items into this country. Such a step would obviously move toward political dynamite which could be avoided only by a costly subsidy device for domestic producers. The futility of this, to say nothing of its heavy taxation implications, is all too familiar from our previous experiences.

A further difficulty inherent in any such attempt to curtail or control Latin-American exports to Europe is the intimate racial connection between those two areas. Furthermore, both the Spanish and Italian elements are dominant factors in certain Latin-American trade centers, especially in retailing and wholesaling operations.

The strong entrenchment of Germans in some trades, notably coffee and cacao, would likewise hinder such a project.

Such a comprehensive raw-material control system would require at times firm restraint on production. It might conceivably be attainable in the case of annual crops, assuming that the governments involved are prepared and competent to take that step (in itself a sizable assumption!). But many important Latin-American staples are not in that category. Unless an inconceivable program of plantation destruction were attempted, the control plan likely would find itself deluged with surpluses.

A major weakness of any program of this type is the constant threat of illicit traffic wholly outside the realm of control. It is difficult to see how native politicians could resist pressure actually to connive in stimulating production of yearly crops in which the genial and affluent Uncle Sam was standing by "holding the bag."

Instead of any such political or governmental mechanism, rather would it seem to be the better part of wisdom to facilitate in every possible way the closer collaboration of specific enterprises and trades among the American Republics. For example, this would involve the encouragement of American machinery manufacturers to collaborate closely with Latin-American raw-material producers and traders in their establishment of necessary processing, packing, refining, and the like. With an encouraging attitude by our Government toward industry, much can be accomplished. This program could be worked out trade by trade, country by country, with individual commercial agreements, and governmental financial aid, when required and in such amounts as would be specifically indicated.

Such a modified but realistic approach would not be as dramatic as the hemispheric export control fantasy, but it would be far more practical and workable. Furthermore, it would require no loss of time such as would be necessary to set up the vast bureaucratic machinery for the proposed all-exports plan. The highways of international economic traffic are strewn with the wrecks of surplus controls and pretentious marketing plans. The few such devices which have succeeded have been restricted to specific trades with a small number of operators and a minimum of official or political intervention.

# TONIGHT

## *They're Playing Under Lights!*

*by Westinghouse*



public has taken night baseball to its heart.

- *In 1939*, for instance, nearly one million persons attended major league night baseball games. The night games at Shibe Park, Philadelphia, topped the daytime attendance average five to one. In Comiskey Park, Chicago, the first six night games drew over 188,000 paid admissions.
- *There has been* similar enthusiastic response to night games played in the Polo Grounds, New York; Sportsman's Field, St. Louis; Forbes Field, Pittsburgh; as well as those at other baseball parks.
- *Consider if you will* the unusual demands of a lighting system that must provide glareless illumination for a fast night baseball game.
- *At Forbes Field, Pittsburgh*, our most recent installation, more than 210 million candlepower of light is spread over the field from 864 floodlights, each of some 1500 watt capacity. Their combined output would be enough to light every home in a city of 25,000 population. If this light were concentrated in a single unit it would make a newspaper readable more than 18 miles away. Distributed as it is, the illumination over Forbes Field is 19 times brighter than the average business man's desk.
- *Fortunately*, we at Westinghouse were able to bring to this exacting problem a long and highly varied lighting experience. Through the important contributions we have made to better lighting, stores have been made more attractive to shoppers; factories and offices more efficient for employees; school rooms more conducive to study; public thoroughfares, airports and river docks infinitely more safe.
- *Few fans ever dreamed* the day would come when after dinner they could ride out to a stadium and watch a professional baseball game played under lights.
- *Yet, the idea* of night baseball was advanced as early as three decades ago. True, nothing was done about this so-called "fantastic dream" then. But twelve years ago, a minor league club toured the country with a portable lighting system and played before fans at night in much the same manner as a carnival troupe.
- *Night baseball* at last became a reality. And it proved increasingly popular, evidenced by the fact that in the past ten years it has developed in the minor leagues to a point where seven games out of every ten are today played under lights.
- *In 1935* night baseball graduated to its first major league park. So rapidly has it caught on here that eight of the big league parks are now equipped with the most modern lighting facilities. And we are proud to say that five of these lighting systems were designed and installed by our own company.
- *One has only* to check the turnstiles to appreciate how eagerly the



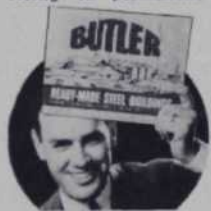
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## Profit-Sharing and Preparedness

(Continued from page 19)

bility of this scheme, after fair and full trial, I entertain no doubt; the sole condition being that master and man should really seek to meet each other, and to find the means of working together on the basis of the reasonable authority of the master, as heretofore known and respected.

In 1869, Brewster & Co., New York carriage builders, started a plan of sharing profits which, however, was abandoned in 1871. Pillsbury Flour Mills, of Minneapolis, established a plan in 1882. In 1886, the N. O. Nelson Co., of St. Louis, initiated direct profit-sharing in the company, which continued uninterrupted for 49 years until the recent depression caused temporary suspension.

### Annual wages are tried

IN 1884 the Baltimore & Ohio Railway Co. inaugurated a "pension relief savings" plan which has operated as a model in the railroad field for 54 years. In 1886 the Procter & Gamble Co., of Cincinnati, introduced into the industrial field a profit-sharing and general employee-relations program which in its 52 years of operation has probably attracted more attention and study than any other plan in American industry. Colonel Procter again astounded the industrial world when, in August, 1923, his company announced the "annual wage" system guaranteeing 48 weeks of work and 48 pay checks annually. These policies have withstood all tests as the company has grown to its present proportions with more than 10,000 employees.

Gradually other companies adopted profit-sharing, prominent among them being the Simplex Wire & Cable Co., of Cambridge, Mass., in 1901; Hibbard, Spencer, Bartlett & Co., of Chicago, in 1902; the R. J. Reynolds Tobacco Co., Winston-Salem, N. C., with 15,000 employees, and the Eastman Kodak Co., with some 24,000 employees, in 1912; the Edison Electric Illuminating Co., of Boston, in 1913; the California & Hawaiian Sugar Co., of Crockett, Calif., in 1914; the Cleveland Twist Drill Co., of Cleveland, in 1915.

Of the more significant plans inaugurated in later years, we find in 1916 the Sears, Roebuck Co., of Chicago, having a normal employee group of more than 30,000, initiating a plan under which the company pays five per cent of its net profits which has prevailed against war periods and depressions.

In 1918, after experimenting with nearly a dozen forms and types of employee relations over a period of 18 years, M. L. Joslyn, founder of the Joslyn Manufacturing & Supply Co., of Chicago, inaugurated a "profit-sharing-savings-retirement-fund" plan, which, having operated successfully for 20 years, has recently attracted national and international attention.

This plan has those essential and admirable features of simplicity, flexibility,

and individual challenge—the challenge to consciousness of partnership—which stimulates personal interest, satisfies personal selfishness, and instills hope, satisfaction, and sustained loyalty.

Describing his experience in developing this plan, Mr. Joslyn says:

For 20 years we had been striving for some practical form to advance the standing of employees in the corporate structure, without at the same time so weakening that structure as to endanger its progress as a whole. We tried all kinds of temporary plans. There was much confusing talk at the time about the partnership between labor and capital, but little real attempt to move in that direction. For any real partnership, the laborer must first become a capitalist.

We believed the common laborer, working year after year for a normal wage, with nothing but Saturday pay day to look forward to, with no consciousness of steadily bettering himself, with no consciousness of his recognized and participating relationship in the company, lost hope and energy and delivered to his employment only part of the value he was capable of delivering.

We reasoned that, to get a response under our plan, we must have a prospect in old age . . . not of less of the good things of life, but more . . . so that the vision ahead is of something better than ever experienced. We were told this was impractical, but after trying every other plan, we proposed to try this and see whether it would pay. We have tried it for 20 years and it does pay.

### Dividends on wages, too

ONE of the most signal successes in profit-sharing has been the "Wage-dividend profit-sharing plan" of the Eastman Kodak Co. The success of this plan is indicated by the fact that, in its 26 years of operation, the company has paid a wage dividend to its employees every year with the exception of the depression year of 1934. The wage dividend is in direct relation to the dividend declared on the common stock of the company. Since 1912, \$43,000,000 has been paid out under this plan.

Special reference is appropriate to the profit-sharing plan operated since 1916 by the General Electric Co., of Schenectady, N. Y., which employs more than 55,000 workers. This profit-sharing plan, coupled with savings, has a fine record of success and recommends itself highly as an instrumentality for industrial peace and stability. The company has shared \$100,000,000 with its employees in 22 years under this plan.

A more recent addition to the family of profit-sharing companies is the Westinghouse Electric & Manufacturing Co., of Pittsburgh, with more than 50,000 employees. In 1936 this company inaugurated a most distinctive and comprehensive plan, which is not only a profit-sharing but also a loss-sharing plan. In 1937, \$12,100,907 was paid to employees under this plan which evolved out of many years' experience.

Other well known companies in the in-



dustrial and manufacturing field which have had outstanding success with profit-sharing plans are S. C. Johnson & Son, Inc., manufacturers of Johnson's wax, Racine, Wis., who, in 1917, initiated a profit-sharing plan which has been improved and amended through the years; the Vanadium-Alloys Steel Co., of Latrobe, Pa., which adopted profit-sharing in 1920 and has maintained the plan with success ever since; the Hoskins Manufacturing Co., of Detroit, manufacturers of electric resistance wire, which inaugurated profit-sharing in 1923 and submits records of its operation which verify the benefits to the company.

The Nunn-Bush Shoe Co., of Milwaukee, started profit-sharing in 1917. On July 1, 1935, this company introduced an "annual wage" plan which has attracted wide attention, and which, according to the management, is operating successfully and with satisfaction to both management and employees.

### Americans are individualists

IN SUM, certain developments in our industrial operation are definitely tending to destroy the worker's individualism, and especially his consciousness of being an individual entity. Dealing with him as a group submerges his individual status; the assembly line creates the conception in him of being only a "cog." Too often labor is employed and dealt with as a commodity, the individual employee given no more consideration than a machine. The resentments and hatreds of recent labor outbreaks reflect the worker's reaction to these conditions.

Employers for the most part have ignored psychological factors in dealing with human problems, yet psychology controls the human more than all other factors combined.

The American is an incurable individualist. He is bred in a tradition—that of individual effort. He must have wide range for his ingenuity and initiative. Neither does he accept the idea of his being only a "class." His whole experience, and that of his fathers, has been one of individual effort, individual ambition, and individual progress.

In spite of assembly lines and group handling, the employee's individualism can be established and maintained by placing him on an individualistic financial basis through an intelligent profit-sharing policy.

The most effective way to do this is to establish in every worker the consciousness of being a capitalist—a participant in the capitalistic system—a beneficiary of the profit system. Whether at the bench, the counter, or the desk, let his individualism be unchallenged.

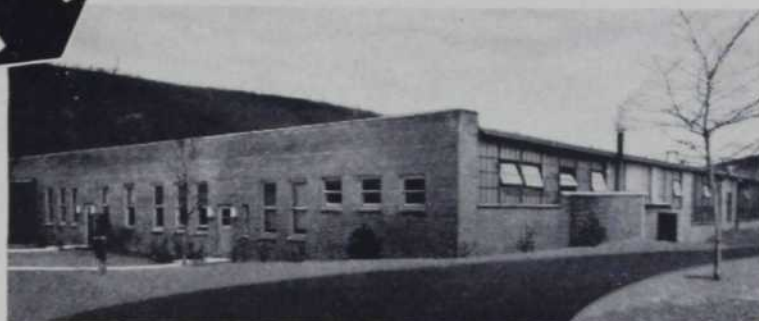
Such a program involves no fundamental change in human nature. It requires no one to give up more than he will gain. On the contrary, it affords a direct incentive for all members of the team to pull together because of the ultimate reward which will be made available for all.

Every employer in the United States can make his own institution a Rock of Gibraltar against enemies of industrial peace and American traditions . . . if he wants to and has the will to do it.

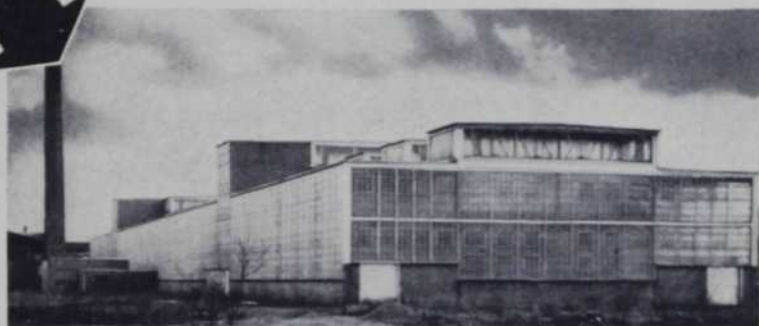
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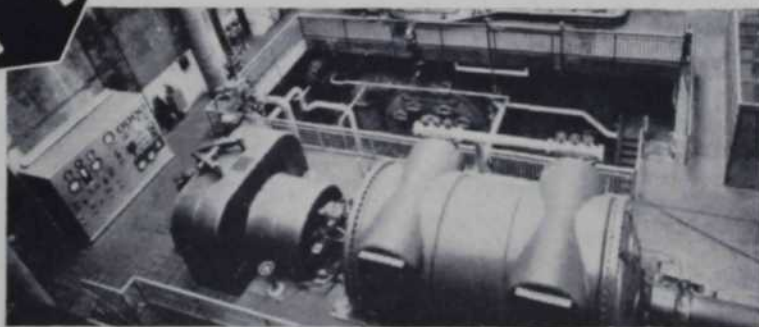
**is the place to make money"**



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## Rebirth of an Old Sawdust Empire

(Continued from page 32)

trol seemed remote. It remained for John Ringling's young nephews, John Ringling North and Henry Ringling North, to perform the seemingly impossible. Both Yale graduates, John North had received business experience from working with real estate and investment firms, while his younger brother, Henry, was doing newspaper work. Both had acquired circus experience from having traveled several seasons with their uncle's shows. In the fall of 1937, John North, then only 34, in the true Horatio Alger style raised the necessary \$1,000,000, the balance due on John Ringling's original note, and in the nick of time paid off his uncle's creditors.

Armed with intelligence, determination and a natural sense of Ringling showmanship, the North brothers set out to win back the show for the Ringling family. Their first steps were to purchase a gorilla for \$10,000 and to hire a Broadway designer to style the costumes for the coming circus season.

The gorilla, which proved to be the most profitable investment in Ringling history, is now famed as Gargantua the Great. The hiring of an expert costumer was merely the first of the Norths' moves to modernize the circus. In line with such progressiveness have been the air-conditioning of the big top, the introduction of a blue canvas big top which allows the spectacular aerial acts to appear to advantage, the elimination of draft horses and substitution of trucks and tractors.

John Ringling North's first few months as acting head of the great Ringling organization were filled with misfortune.

When the show arrived in New York to open at Madison Square Garden the union trouble, which was eventually to close the show, started. In 1937 the show's management under John Ringling's creditors had signed a five-year closed shop union contract with the newly formed Circus Division of the American Federation of Actors, an A. F. of L. union. This union included in its ranks both performers and laborers, all of whom found it necessary to join the union to hold their jobs and were willing to do so because the current prosperity of the show assured them full salaries and a long season. The year 1937 was one of the best years in the history of out-door show business.

Under the new union the circus workingmen found their pay doubled. Instead of \$30 a month plus meals and a berth on the show train, they now received \$60 and the same living conditions. The union was of course popular with them. For performers the union did little. Their pay was raised slightly, in many cases only a dollar or two per week. But it was not the lack of substantial raises that made the union unpopular with the performers, it was the fact that they were made to join the same union as the workingmen who far outnumbered them and with whom a traditional hostility had always existed.

Consequently, in the spring of 1938, John Ringling North, ever mindful of the



The cost of making soup for 1,600 persons is a small part of the \$18,000 daily expenditure it takes to run the show



\$1,000,000 loan which he had to retire and foreseeing a poor season ahead (1938 was nearly as bad as 1937 had been good) realized the necessity of lowering the workingmen's wages. The union refused to allow such a reduction.

First hostilities broke out in the Garden when union leaders suddenly called all workingmen out on strike. A temporary compromise was made after three performances had been given without their aid. Those three programs created a unique chapter in circus history.

### Performers hustled props

REFUSING to strike, the performers, who had never benefited from the union, true to the traditions of their profession, determined that the show would go on. They not only went through their own routines but volunteered as workingmen. Between their own turns, clowns, acrobats and animal trainers tugged at ropes, hung nets, hustled props. It was such cooperation that carried on the show and forced the union to a compromise.

When the circus moved outdoors under canvas further trouble developed, due in most part to the union demands that the workingmen's wages be maintained at \$60 a month, whereas the Ringling management claimed a 25 per cent reduction was necessary. The climax came in June when the workingmen struck in Scranton.

John Ringling North's decision to send the show back to winter quarters in Sarasota, Fla., was a great shock to the union leaders, whose own welfare depended upon a full season's work for its members, as well as to the performers who were thrown out of work through no fault of their own.

The red and silver show train of the Ringling Brothers and Barnum & Bailey Circus arrived in Sarasota July 1. On the fourth, 20 cars of equipment together with the outstanding Ringling show acts left Sarasota, arriving four days later in Redfield, S. D., to be combined with the non-union Al G. Barnes Circus, the only other operating Ringling unit.

Outmaneuvered, the union compromised the wage dispute and, in 1939, the big Ringling show went out again. Through shrewd economies and a drawing program, the circus returned a good profit for the season, which, together with that of the previous year, has retired the greater portion of the Manufacturers Trust Company's loan and returned the "Greatest Show on Earth" to the full control of the Ringling family.

Ringling Brothers and Barnum & Bailey Circus is definitely big business. Last year it played to about 4,000,000 persons. Value of the show's physical assets is hard to determine. Since there is almost no demand for circus equipment, liquidation would be impossible. However, \$3,000,000 is probably a conservative estimate.

Included in the Ringling circus properties are the winter quarters, principally in Sarasota, where, the year around, crews are forever getting ready for "next year's" show. There every year in a huge sail loft a new big top is made by a crew of veteran sail makers.

If you can imagine moving a good-

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sized factory every day, you have some idea of the necessarily detailed organization which John Ringling North heads. Almost each day in the 26 week outdoor season the four train loads of equipment and 1,600 workmen and performers move from town to town. Last year the show gave 383 performances in 124 different cities from Portland, Maine, to San Francisco; Edmonton, Alberta, to Corpus Christi, Texas. It travelled 17,117 miles in jumps varying in length from ten to 457 miles.

Economics of the circus business are about as one would imagine. Naturally the show's welfare depends upon general prosperity. This year the Ringling Brothers and Barnum & Bailey Circus

is the only Ringling unit on the road.

Naturally such a mobile industry as the circus is able to take advantage of sectional booms and avoid areas of local depression. The route, laid out four weeks in advance, is determined as a result of checking by Ringling officials of crop and employment conditions, size of retail sales and bank deposits.

So, if John Ringling North brings the "Greatest Show on Earth" to your city this season, you can be pretty sure that it is enjoying better than average prosperity. And, if he does, you will see, complete with air-conditioned big top, the contemporary exponent of a grand American institution under the direction of its rightful heirs, the Ringlings.

## How NOT to Win a War

(Continued from page 22)

or 60 cylinders. Then it was worn undersized.

The mistake in that apparently simple little notation lay in the last half of it, in that note, "P.D.  $\pm .00025$ ." Such a limit of plus or minus one-fourth of one one-thousandth of an inch in tapping or threading is entirely impractical in production work. It is bad enough in tool work and it is used there only in making gauges or some other special application. In addition, it was entirely unnecessary in this particular case. A limit of plus or minus one one-thousandth of an inch would have been fair; a limit of plus two one-thousandths of an inch and minus one one-thousandth of an inch would have been good for the job.

But, no! The drawing said plus or minus one-fourth of one one-thousandth of an inch and the inspection department was determined to adhere to it. No one ever found out how the inspection department knew that their gauges were accurate enough to check such an impractical limit. By the rules of gauge making that gauge must be accurate to a limit of plus or minus one-fortieth of one one-thousandth of an inch. In those days we had no known method of checking the pitch diameter of a thread to such a limit. It was simply the inspector's guess that the gauge did meet requirements. Even today, with our fluid and electrical gauging systems and other modern equipment, I would say that no one could definitely guarantee the pitch diameter of a thread to be measured accurately to one-fortieth of one one-thousandth of an inch.

Then there was another factor. In any tapped hole the faces of the thread are rough in varying degrees. Even though the diameter may be perfectly correct, rough thread faces would prevent the smaller diameter of the gauge from entering, thus causing rejection. Conversely, if those threads happened to come out unusually smooth, the smaller gauge might enter freely but without shake and the larger diameter could be screwed in by using light force. Again the cylinder would be rejected.

Thus we faced the condition of not

only getting a tap which had a certain exact dimension but also of finding one which would cut with a certain degree of smoothness. Day after day was spent in the tool room lapping taps and attempting to create some having the proper proportions. Once in a while we succeeded. That little notation on the drawing sent thousands of dollars' worth of Liberty Motor cylinders into the scrap pile. Obviously this situation could not go on forever. It came to a climax suddenly and unexpectedly one day.

That day had been particularly bad. We hardly managed to get a cylinder past the inspection department. The scrap heap of Liberty Motor cylinders grew into a miniature mountain.

Our production man became boiling mad. Fortunately the Government's Chief Inspector crossed his path when he was hottest. He grabbed that inspector by the arm and led him to the junk pile. All his pleading and arguing was useless. The inspector refused to pass the cylinders, they did not conform to his gauges.

Thoroughly hostile now, the production man led the inspector across the machine shops to the assembly floor where they were assembling the Liberty Motors. He dragged the inspector to the place where they were assembling the cam shaft housing onto the cylinders. He made him stand off to one side and watch the assembler who, under the watchful eyes of his own inspectors, picked up a random  $\frac{3}{8}$ -24 tap from the bench and hand-tapped that same hole which had stopped his production. That assembler was forcing the tap sidewise to make it cut the thread larger, producing, thereby, a normally oversized hole so that the stud would enter freely.

Right there those two men fought out the battle which involved the saving of lives and the saving of thousands of dollars. The production man finally won a broader limit and hundreds of Liberty Motor cylinders which had been destined for the scrap heap were sent into the production lines.

We have now had an opportunity of studying a few of the mistakes of 1917-18. These were not all. I have simply



chosen five mistakes in different classifications. The first of these was lack of proper forethought in organization; the second, the waste of valuable time and money; the third, the unintentional sabotage prompted by the desires of personal gain; the fourth, the complete lack of cooperation and the fifth, but not the least, the danger and cost created by apparently minor figures and notes on drawings.

As we look over these mistakes we find that, invariably, they were created by the hysteria and emotion which the World War brought upon us so suddenly and by the fact that we permitted these emotions to overcome our better judgment. Let's not repeat them.

In many cases competent and trained men were sent to the front who could have contributed far more to winning the war if they had been left behind to help in getting the proper equipment to our fighting forces.

Today, as we stand in the shadow of another conflict, let's use our heads instead of our emotions.

### Organize mechanical ability

SHOULD we be so unfortunate as to be drawn into this conflict, the first step should be to draft all men of mechanical ability.

These should be divided into three broad classifications.

The first and most important classification should include all men who are capable of making mechanical drawings. These men, regardless of age or physical condition, should be assigned to the proper industries. This one classification was responsible for the most delaying mechanical mistakes of 1917-18. This applies to both engineering and tools. The second classification should include all men who are capable of reading drawings and who can operate the lathes, the milling machines, the planers, the grinders and those other machines of the shop. These men will be most vital in the making of the badly needed tools, jigs, fixtures and gauges.

At this writing these two classifications offer to the United States its greatest headache, as the shortage of skilled mechanics in both of these classifications is rapidly becoming well recognized. In addition, capable men of these two classifications, if properly placed, can do more to save lives and dollars than any other group I can imagine.

The third classification should be the assemblers and garage type of mechanic; men who can assemble, tear down and rebuild motors, cars, planes and kindred mechanisms and keep them operating. These men should be divided into two groups. The younger and more physically fit should be sent with our fighting forces to maintain the equipment. The older and physically incapacitated should remain at home for the same purpose.

If we will remember that modern warfare is more a test of machinery than it is of men, we will do our utmost to conserve our mechanical strength.

Let's not forget that skilled mechanics are not made in a day, a week, a month or a year.

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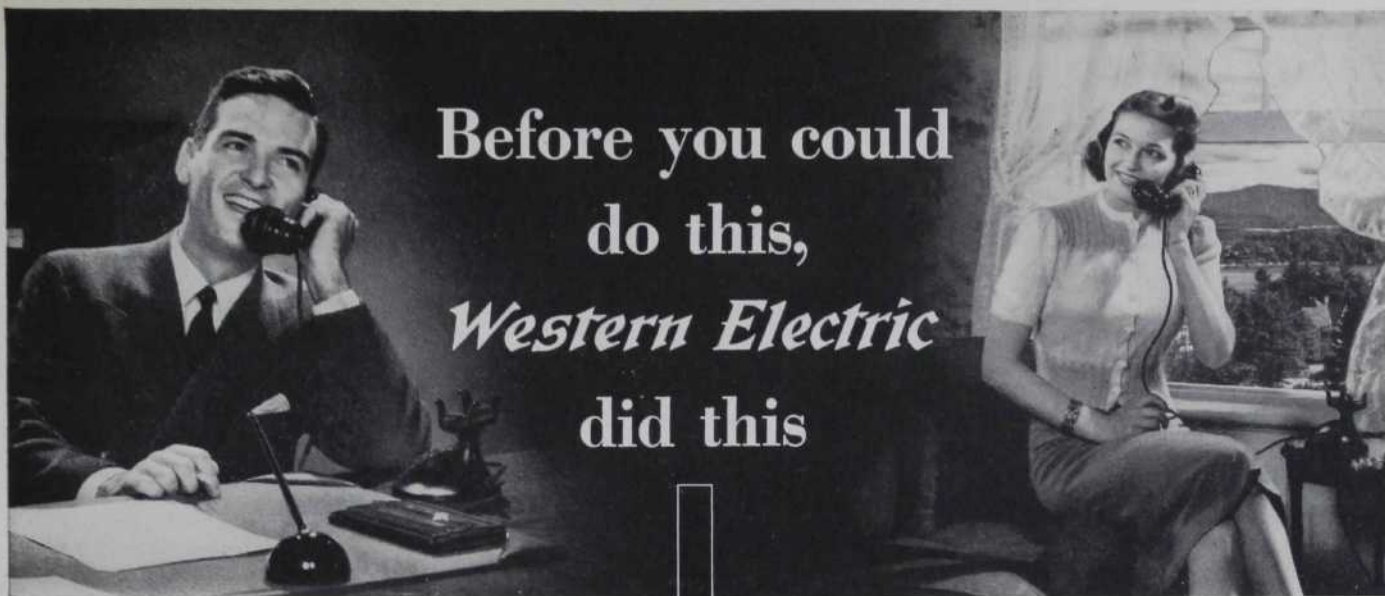
*Palace of Electricity and Communication*

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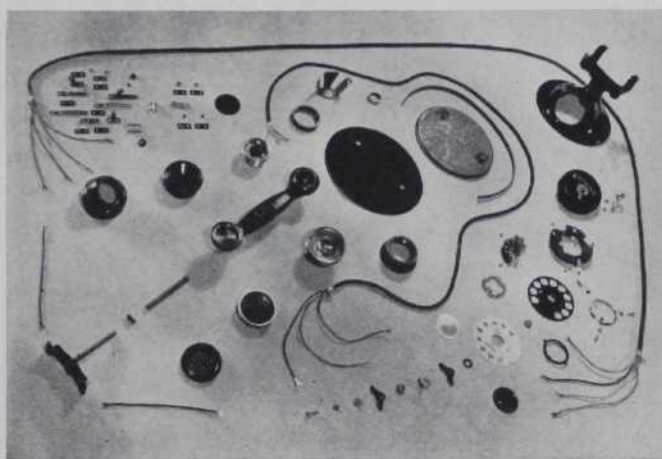




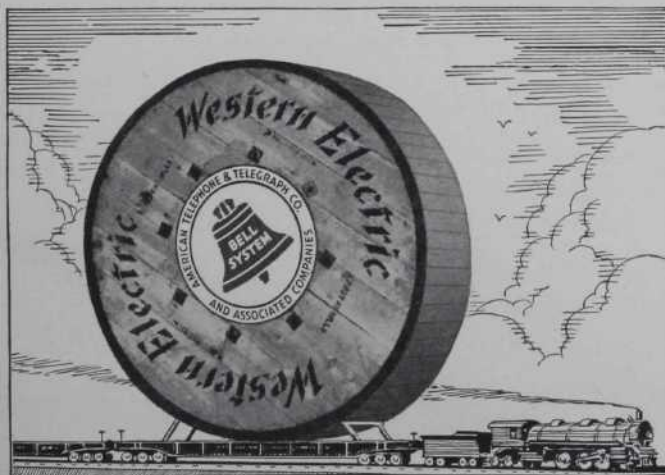
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came America's meeting place. Bottling plants grew up everywhere to serve city and village with ice-cold Coca-Cola. Trucks, cartons, coolers, new fountain dispensers did their job of placing Coca-Cola within easy reach of your thirst,—around the corner from anywhere.

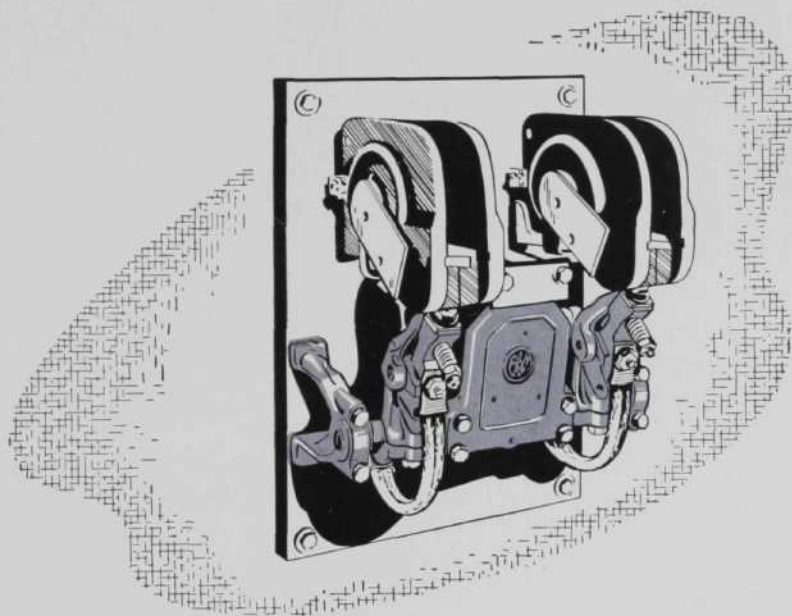
Thus Coca-Cola grew into American life . . . placed there by your acceptance of pure, wholesome, delicious refreshment.



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